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2000 Ontario Economic Outlook and Fiscal Review



**The Honourable Ernie Eves, Q.C.
Minister of Finance**



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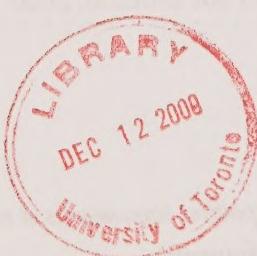
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2000

Ontario Economic Outlook and Fiscal Review

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**The Honourable Ernie Eves, Q.C.
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ISSN 1483-5967

Le document *Perspectives économiques et revue financière de l'Ontario de 2000*
est disponible en français.



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Introduction

Since 1995, the Government has pursued a course of action to put Ontario on a sound financial and economic footing. Strategic actions taken by the Government include:

- ◆ Cutting personal income and business taxes.
- ◆ Preparing Ontario for the future by investing in education and skills development, infrastructure and R&D.
- ◆ Achieving a surplus one year ahead of schedule and on track to record the first back-to-back surpluses in more than 50 years.
- ◆ Getting out of the way of Ontarians by cutting red tape to promote competition and growth.
- ◆ Increasing government efficiency and accountability.

These actions have paid off handsomely for Ontarians. The province is in its fourth straight year of exceptionally strong economic growth. The economy has surpassed the Common Sense Revolution's five-year goal of creating 725,000 new jobs. In fact, more new jobs have been created in Ontario over the last three years than in any other three-year period in our history. The Government has consistently overachieved its fiscal targets and has begun the process of paying down the Net Provincial Debt.

The Government continues to look to the future. The Government will continue to take actions to help Ontario to grow, innovate and create new jobs to ensure future prosperity.

The first section of this document outlines the economic and fiscal actions taken by the Government to keep Ontario on the road to prosperity and sound fiscal management. The second section highlights the financial and economic successes resulting from these actions. The third section presents the solid outlook for Ontario's economy. The final section updates the Province's fiscal outlook for 2000-01. A statistical appendix is also included.

A. Actions

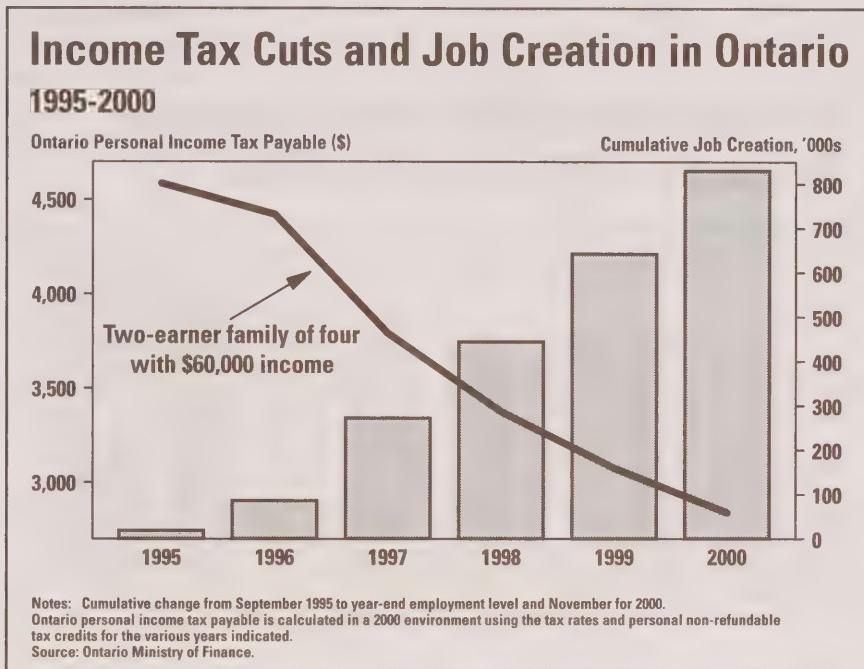
This section highlights key economic and fiscal actions taken by the Government since June 1995 to encourage job creation and economic growth.

- ▶ Cutting Taxes for People
- ▶ Cutting Business Taxes to Improve Competitiveness
- ▶ Investing Strategically in Infrastructure
- ▶ Spurring Innovation and R&D
- ▶ Supporting Education and Skills for the New Economy
- ▶ Re-balancing Workplace Relations
- ▶ Removing Barriers to Growth
- ▶ Increasing Government Efficiency and Accountability
- ▶ Balancing the Budget

Action: Cutting Taxes for People

"Tax cuts have paid real dividends in terms of a strong economy and jobs in Ontario."

Ontario Budget, 2000

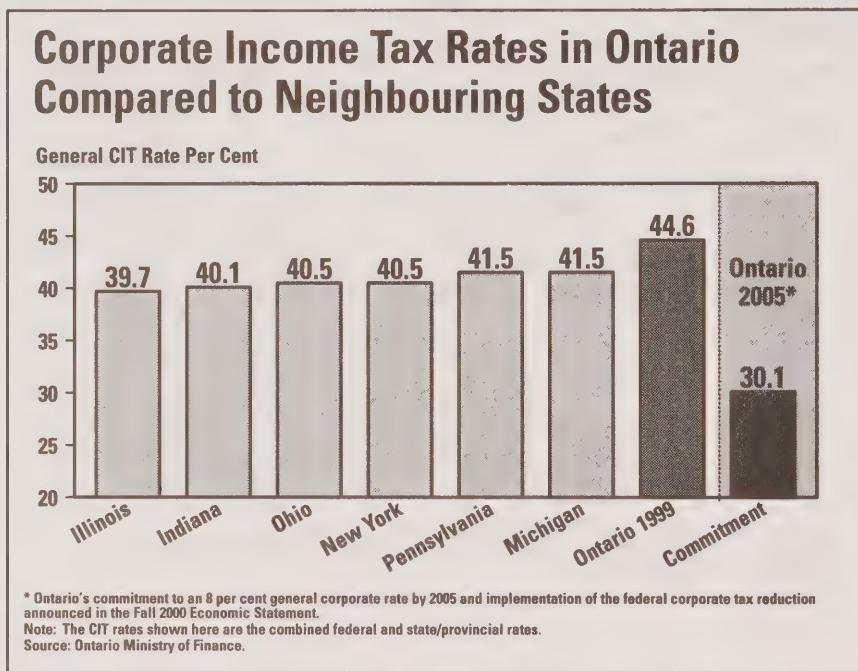


- ◆ Cut Ontario's personal income tax rate by 30 per cent between 1995 and 1999; implementing a further 20 per cent personal income tax cut to be fully delivered in the 2001 budget.
- ◆ Provided a Taxpayer Dividend of up to \$200 to 1999 Ontario personal income tax payers.
- ◆ Reduced the amount of capital gains taxed from 75 per cent to 50 per cent.
- ◆ Cut residential education property taxes by \$250 million, rising to \$500 million by 2004; and provided a permanent Land Transfer Tax refund of up to \$2,000 for first-time buyers of newly built homes.
- ◆ Phasing out Retail Sales Tax on motor vehicle insurance premiums and on repairs and replacements made under warranty.
- ◆ Introducing a Made-for-Ontario personal income tax system to give the Province more flexibility in designing tax cuts to create jobs.

Action: Cutting Business Taxes to Improve Competitiveness

"A cut in business taxes is an investment in increasing long-term growth."

Ontario Budget Paper E, 2000



- ◆ Cutting both Ontario's 15.5 per cent general corporate income tax rate and its 13.5 per cent manufacturing and processing tax rate to 8 per cent by 2005.
- ◆ Cutting the small business tax rate to 4 per cent by 2005; expanding the number of firms benefiting from the small business tax rate; and enhanced capital tax exemptions.
- ◆ Cutting business education taxes \$325 million by 2001, rising to over \$500 million by 2004.
- ◆ Providing a wide range of incentives to promote innovation and R&D, encourage expansion of book publishing, film and television production, interactive digital media and sound recording, attract and retain skilled workers and encourage public-private research partnerships.
- ◆ Introduced tax reductions for farming, mining, credit unions and caisses populaires.

Action: Investing Strategically in Infrastructure

"By consolidating infrastructure spending and emphasizing partnerships we will focus on investments that are both strategic and innovative ..."

Ontario Budget, 1999

The Government is moving forward on a commitment to rebuild and modernize the Province's infrastructure through innovative partnerships.

- ◆ Through SuperBuild, the Province invested over \$4.8 billion in strategic infrastructure in 1999-2000, and plans to invest an additional \$2.2 billion in 2000-01:
 - A record \$1 billion in provincial highways in 2000-01.
 - \$1.8 billion committed in 1999-2000 by the Province and its partners to modernize and rebuild Ontario hospitals.
 - Over \$1 billion in college and university infrastructure in 1999-2000. Combined with partners' contributions, the Province's investment will result in a total of \$1.8 billion invested in post-secondary facilities – the largest capital investment in colleges and universities in more than 30 years.
- ◆ Three new SuperBuild partnership initiatives were announced in the 2000 Budget:
 - SuperBuild Millennium Partnerships – \$1 billion over five years to support the economic competitiveness of Ontario's large urban centres.
 - Ontario Small Town and Rural Development initiative (OSTAR) – \$600 million over five years for infrastructure and economic development in rural areas and small cities and towns.
 - SuperBuild Sports, Culture and Tourism Partnerships – \$300 million over five years to renew municipally owned or endorsed sports, recreation, cultural and tourism facilities, and major cultural/tourist attractions owned by provincial agencies or non-profit organizations.
- ◆ The first round of OSTAR will commit at least \$240 million to help municipalities upgrade their water systems to comply with the Province's new Drinking Water Protection Regulation and to address other public health and safety infrastructure priorities.
- ◆ Ontario will contribute \$500 million for the first phase of Toronto's Waterfront redevelopment. The city and federal governments will contribute \$500 million each, bringing total investment to \$1.5 billion. This investment will provide a significant boost to Toronto's bid for the 2008 Summer Olympic and Paralympic Games.

Action: Spurring Innovation and R&D

"Innovation is not simply about the creation of new technology or applications, more importantly it is about establishing an innovation culture that sees both the public and private sector collaborating naturally to produce new discovery that benefits us all. Ontario is doing just that."

Ontario Budget, 2000

- ◆ \$750 million Ontario Innovation Trust is helping to fund labs, high-tech equipment and other research infrastructure at universities, hospitals and colleges.
- ◆ Ontario R&D Challenge Fund has so far levered \$933 million in R&D commitments, including \$309 million from the Province and \$624 million from the private sector and research institutions.
- ◆ \$127.5 million in Premier's Research Excellence Awards is helping Ontario's world-class researchers attract talented people to their research teams.
- ◆ Allocating \$30 million annually for a new Ontario Research Performance Fund to help fund research overhead costs at universities and research institutions.
- ◆ Eliminating Ontario personal income tax for eligible research employees of R&D intensive firms on up to \$100,000 of taxable stock option benefits and associated taxable capital gains per year.
- ◆ 20 per cent Ontario Business-Research Institute Tax Credit fosters R&D partnerships between business and Ontario non-profit research institutions.
- ◆ Ontario New Technology Tax Incentive provides companies a 100 per cent income tax deduction of the cost of eligible intellectual property acquired for use in Ontario.
- ◆ 10 per cent refundable Ontario Innovation Tax Credit for R&D performed in Ontario by small and medium-sized companies.
- ◆ 20 per cent refundable tax credit available on labour costs incurred in Ontario to produce computer animation and special effects in film and television productions.
- ◆ 20 per cent refundable tax credit available for costs associated with the creation in Ontario of original interactive digital media products.
- ◆ Eliminated Corporate Income Tax add-back for acquisition of foreign technology.
- ◆ Expanded Retail Sales Tax exemption for new equipment used by manufacturers exclusively for a combination of manufacturing and R&D, as well as for research equipment used by non-profit medical research facilities in Ontario.

Action: Supporting Education and Skills for the New Economy

"We are investing in skills for jobs. We are investing in the youth of Ontario."

Ontario Budget, 2000

New Investments in Colleges and Universities

- ◆ Invested over \$1 billion through SuperBuild to expand and modernize post-secondary facilities.
- ◆ Doubled student spaces in computer science and high-demand engineering programs in colleges and universities through the Access to Opportunities Program.
- ◆ Enhanced and expanded the Ontario Graduate Scholarship program.
- ◆ Introduced an Educational Technology Tax Incentive for donations of equipment and technology to colleges and universities.
- ◆ Eliminated the RST on all donations to educational institutions.
- ◆ Exempted from the RST educational CD-ROMs purchased by schools, community colleges and universities.
- ◆ Improved student access by doubling the funding for the Ontario Work-Study Plan and increasing exemptions for earnings and merit scholarships under OSAP.

Continuous Improvement to Elementary/Secondary Education

- ◆ Provided an additional \$101 million to reduce average class sizes in Junior Kindergarten to Grade 3, and \$70 million to improve reading skills.
- ◆ Provided additional funding to reduce average class sizes in secondary schools.
- ◆ Increased special education funding for speech/language disorders and learning disabilities.
- ◆ Provided funding to increase young people's awareness of science and technology.
- ◆ Enriched the Ontario Youth Apprenticeship Program.
- ◆ Introduced a Charter of Education Rights and Responsibilities.
- ◆ Launched a new rigorous curriculum with more science and math.
- ◆ Working to implement a comprehensive teacher-testing program.

Investing in Skills for Tomorrow

- ◆ Supported 34 training projects to date in partnership with the private sector under the \$130 million Strategic Skills Investment initiative.
- ◆ Established the Apprenticeship Innovation Fund to modernize classroom training.
- ◆ Provided funding for TVOntario to develop innovative workplace training delivery.
- ◆ Funding training and career awareness for women in the IT sector.
- ◆ Expanding Women in Skilled Trades program for pre-apprenticeship in the auto parts sector.
- ◆ Funding bridge training for foreign-trained nurses and other professionals.

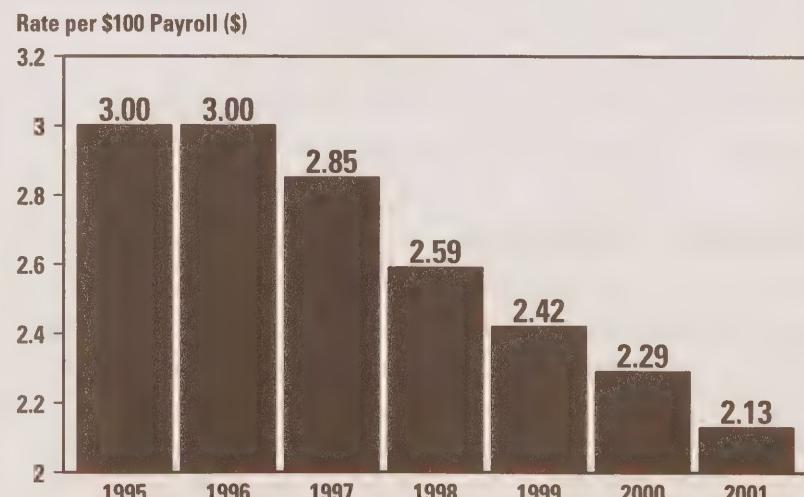
Action: Re-balancing Workplace Relations

"And while we've removed such barriers to job creation as high taxes and unfair job quotas, we've been careful to keep rules in place to protect and expand the rights of employees."

Blueprint – Mike Harris' Plan to Keep Ontario on the Right Track, 1999

- ◆ Scrapped unfair job quotas and froze the minimum wage.
- ◆ Ensured a secret ballot vote on all union certification applications.
- ◆ Passed the *Fairness is a Two-Way Street Act* and continue to monitor Quebec's commitment to treat Ontario construction workers and contractors fairly.
- ◆ Introduced amendments to the *Labour Relations Act* (Bill 139) to strengthen workplace democracy, promote workplace stability and foster economic growth.
- ◆ Introduced revisions to employment standards (Bill 147) to promote business competitiveness, relieve employers of red tape and help employees with family responsibilities.
- ◆ Passed Bill 69 to modernize labour relations in the construction sector.
- ◆ Reformed the Workplace Safety and Insurance system to put it on a sound financial footing. In 2001, the average insurance premium rate will be \$2.13 per \$100 of assessable payroll, a drop of 29 per cent since 1996 and the lowest level since 1983.

Average Workplace Insurance Premium Rate



Sources: Workers' Compensation Board Annual Reports and Ontario Ministry of Labour.

Action: Removing Barriers to Growth

"Businesses naturally strive to grow and people naturally want to succeed. Sometimes the most important thing a government can do is simply get out of the way of the energy and initiative of the private sector."

Blueprint – Mike Harris' Plan to Keep Ontario on the Right Track, 1999

Cutting Red Tape

- ◆ Red-tape watchdog made permanent; over 1,300 unnecessary regulations eliminated to date.
- ◆ All proposed new regulations must undergo a business impact test.
- ◆ Delegated regulatory administration to selected industry organizations, increasing consumer protection while providing more cost-effective service.
- ◆ Reduced the corporate tax return for small businesses from 16 to four pages.
- ◆ Increased the number of small businesses eligible to use the Short-Form Corporations return.
- ◆ Expanded Ontario Business Connects – a “one-window” electronic service – to simplify and streamline existing registration and reporting processes for Ontario businesses.

Promoting Competition and Growth

- ◆ Introducing competition into Ontario’s electric power sector.
- ◆ Ended corporate welfare by eliminating 31 programs and \$230 million per year in subsidies to individual businesses.
- ◆ Passed the *Electronic Commerce Act* to cut red tape, remove outdated legal barriers to e-commerce, boost consumer confidence and protection and support investment in Ontario.
- ◆ Created the Business Tax Review Panel to review Ontario personal, corporate and property tax systems.
- ◆ Helping entrepreneurs and small businesses through Community Small Business Investment Funds, Enterprise Centres, Self-Help Offices and Ontario Exports Inc.

Action: Increasing Government Efficiency and Accountability

"[We will] cut the size of government. We will provide the people of Ontario with better for less."

Common Sense Revolution, 1995

Streamlining the Public Sector

- ◆ Reduced the number of provincial politicians by 21 per cent, from 130 to 103.
- ◆ Reducing the number of municipalities from 815 to 447 by January 2001 and also reducing the number of local politicians by 39 per cent, from 4,586 in 1996 to 2,804.
- ◆ Reduced the size of the Ontario Public Service by approximately 25 per cent since June 1995.
- ◆ Overall provincial government program spending projected to decline from 15.9 per cent of GDP in 1992-93 to 11.9 per cent in 2000-01.

Providing More Efficient and Accountable Service

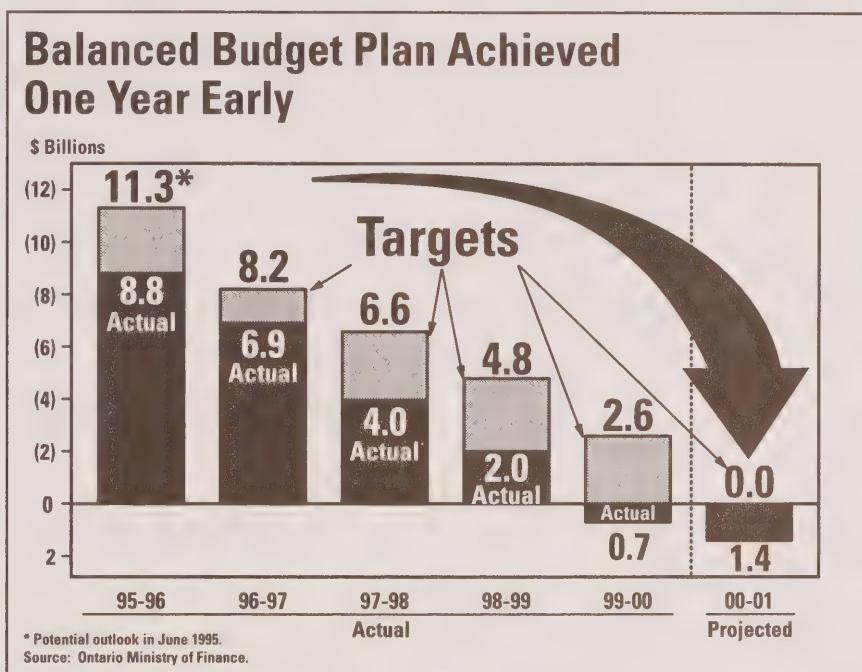
- ◆ Ontario ministries required to publish annual business plans with performance measures.
- ◆ Ontario to be the first North American jurisdiction to provide taxpayers with an annual report card on how well their local governments deliver key municipal services.
- ◆ Merging the Ontario Securities Commission and Financial Services Commission to provide one-stop access to regulatory services for consumers and industry.
- ◆ Using technology -- the Internet and computer kiosks -- to provide faster, more convenient, 24-hour access to government information and services.
- ◆ Launched a Quality Service Strategy with new high standards of customer service in handling telephone, mail and walk-in inquiries and customer feedback.
- ◆ Encouraging new approaches in alternative service delivery, enabling ministries to focus on core businesses while partnering, privatizing or contracting for other functions better delivered by other sectors.
- ◆ Reporting salaries of public officials making \$100,000 or more annually.
- ◆ Ontario Financial Review Commission reconvened to advise on options for strengthened financial management and accountability of the government's key transfer partners.

Action: Balancing the Budget

"Balancing the budget will not be easy, but it is essential. It will help get Ontario's public debt interest costs under control. It will protect taxpayers from never-ending tax increases."

Ontario Fiscal and Economic Statement, 1995

The Government's November 1995 *Fiscal and Economic Statement* set out a Balanced Budget Plan of declining annual deficit targets, culminating in a balanced budget in 2000-01.



- ◆ The Government has overachieved its deficit-reduction targets in each of the past five years.
- ◆ The Province achieved a \$668 million surplus in 1999-2000, balancing the budget one year ahead of schedule, and is on track to achieve a surplus again in 2000-01 -- the first back-to-back surpluses in more than 50 years.
- ◆ Passage of the *Taxpayer Protection and Balanced Budget Acts, 1999*, will help ensure that future fiscal responsibility is maintained.
- ◆ In the 2000 Budget, the Government committed to more than double its \$2 billion Net Provincial Debt reduction pledge to at least \$5 billion during this mandate.
 - In 1999-2000, more than \$1 billion was applied to Net Provincial Debt reduction.
 - Based on the projected surplus for the current year, Net Provincial Debt will be reduced by another \$1.6 billion in 2000-01.

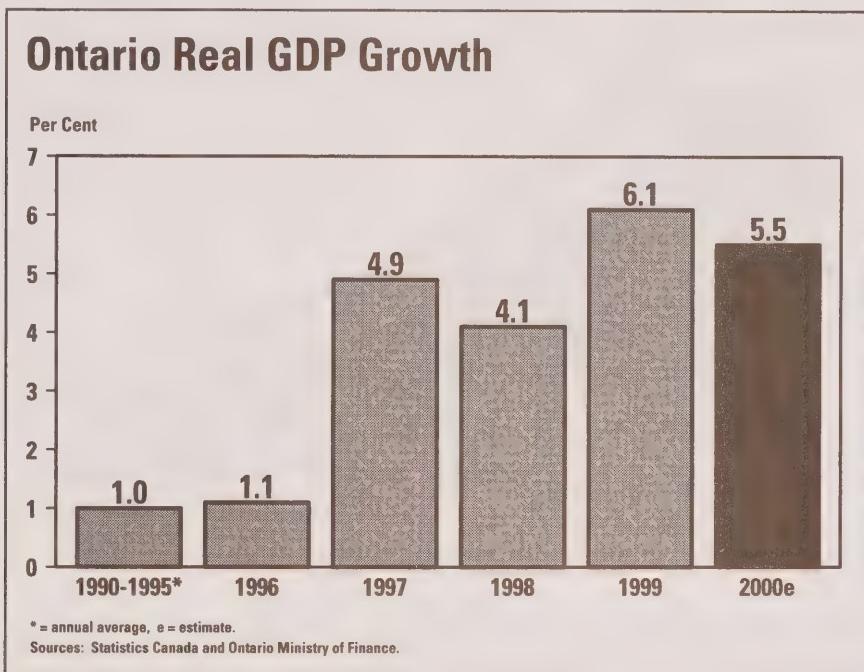
B. Results

This section focuses on the results that Ontarians are seeing so far. The actions taken by the Government have laid the foundation for sustained economic growth.

- ▶ Fourth Straight Year of Strong Economic Growth
- ▶ Balanced Growth
- ▶ Robust Job Growth
- ▶ Consumer Spending Buoyed by New Jobs and Tax Cuts
- ▶ Healthy Youth Job Gains Continue
- ▶ Job Growth in All Regions
- ▶ Ontario a North American Leader in Manufacturing Job Growth
- ▶ Auto Industry Production Share Up
- ▶ High-Tech Sector Engine of Growth
- ▶ Rapid Job Growth in New-Economy Industries
- ▶ Exports to the United States Diversifying and Gaining Market Share
- ▶ Balanced Budget Plan Achieved – One Year Early
- ▶ Continuing Success in Lowering Welfare Dependence

Result: Fourth Straight Year of Strong Economic Growth

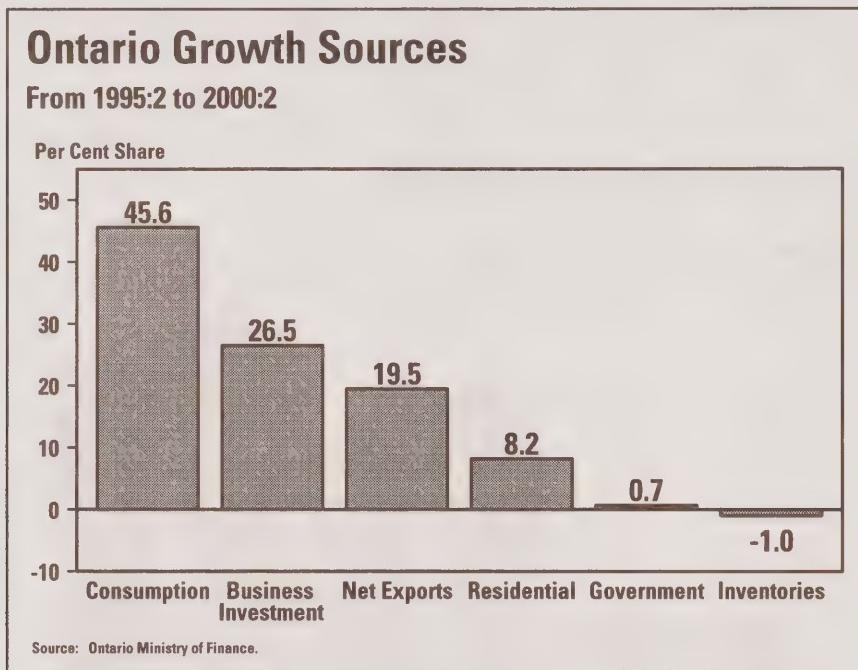
Ontario's healthy and dynamic economy is well-positioned for sustained growth. Ontario's economic record has been stellar since 1996 with 6.1 per cent growth in 1999 and better than five per cent real GDP growth expected in 2000. Tax cuts and sound fiscal policies have contributed to strong, well-balanced economic growth.



- ◆ Ontario has been the nation's growth leader over the last several years. In 2000, Ontario is expected to grow 5.5 per cent compared to 4.3 per cent for the rest of Canada.
- ◆ In 2000, Ontario real output rose 5.2 per cent in the first quarter and 5.3 per cent in the second (annualized growth rates). Soaring business investment, particularly in machinery and equipment, and strong consumer spending led growth in the first half of 2000.
- ◆ Strong economic growth continued in the second half of 2000. Since June, employment has jumped by 115,000 net new jobs, consumer spending is rising, more housing is being built and manufacturing production is increasing.

Result: Balanced Growth

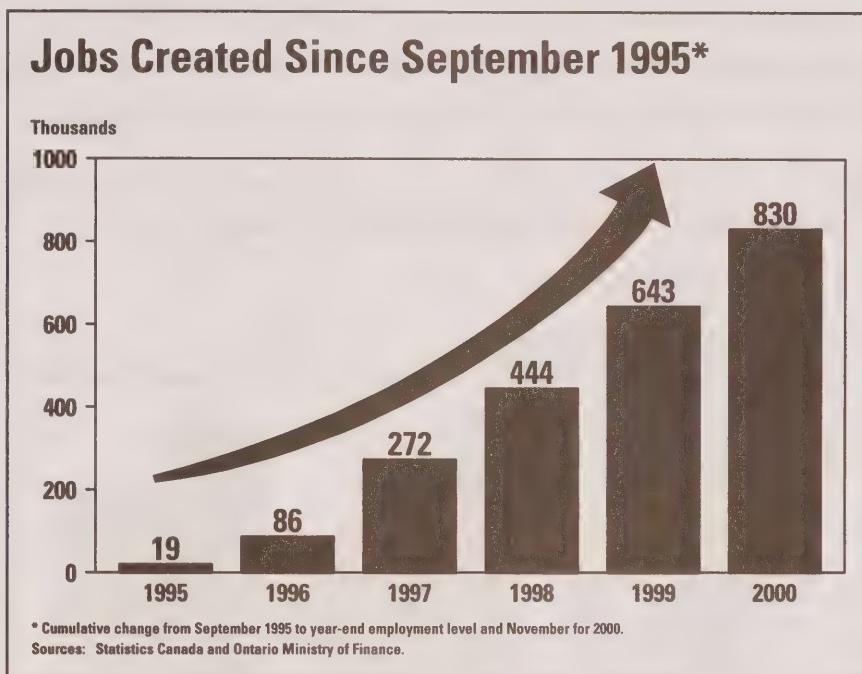
Robust business and consumer confidence, reduced taxes, supportive government policy and healthy international growth have set the stage for strong economic growth and job creation in Ontario.



- ◆ Strong domestic demand has been the main engine of Ontario's economic growth, supported by tax cuts and job creation. Consumer spending accounted for 45.6 per cent of Ontario growth since the second quarter of 1995. Business investment has been the next biggest contributor.
- ◆ In the foreign trade sector, both imports and exports have grown strongly. Exports have increased 48.7 per cent since the second quarter of 1995, while imports have grown by 47.7 per cent. Net exports accounted for less than 20 per cent of Ontario's growth over this period.
- ◆ Personal, business and public sector financial positions have strengthened since 1995. Household debt financing costs as a share of disposable income are down, business debt-to-equity ratios have fallen and government debt as a share of GDP has dropped. This has contributed to the sustained, broadly based, period of strong economic growth in Ontario.

Result: Robust Job Growth

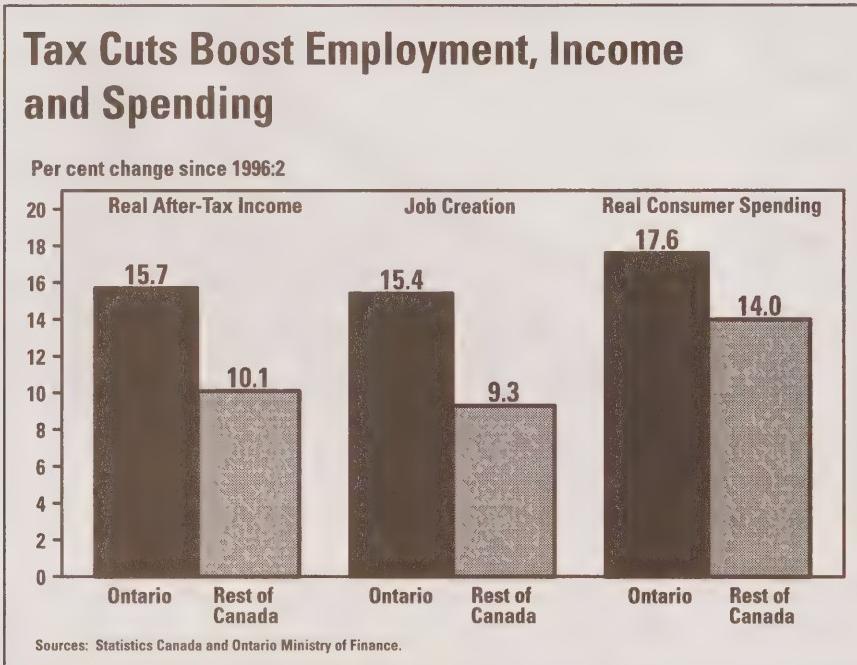
Tax cuts create jobs. In July of this year, the economy surpassed the Common Sense Revolution's five-year goal of creating 725,000 new jobs. Since then, the Ontario economy has created another 105,000 net new jobs.



- ◆ Over the first 11 months of 2000, 184,000 net new jobs have been added to the economy, compared to the same period a year earlier. This follows record job creation of 198,000 in 1999. Ontario created over 558,000 new jobs over the 1998 to 2000 period, the strongest three years of job creation in the province's history.
- ◆ Most of the jobs gained in 2000 have been full-time, private-sector positions. The rise in employment has been spread across most sectors of the economy. Manufacturing industries have gained 47,000 net new jobs. Job creation has also occurred in health care and social assistance (+28,000), construction (+26,000), professional, scientific and technical services (+26,000), wholesale and retail trade (+24,000), information, culture and recreation (+24,000), management and administrative (+21,000) and transportation and warehousing (+19,000).

Result: Consumer Spending Buoyed by New Jobs and Tax Cuts

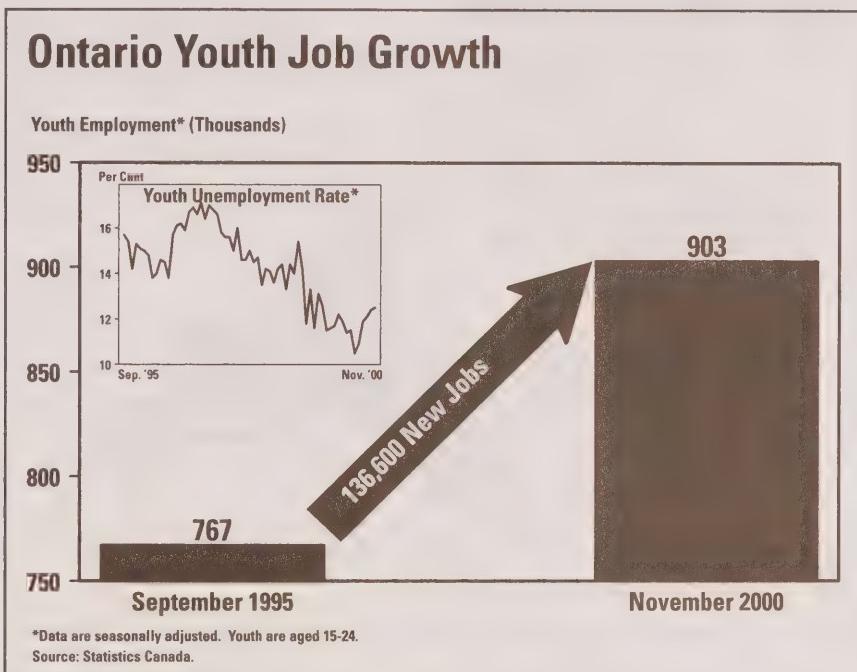
Personal tax cuts and continued solid job gains have led to robust growth in consumer expenditures. Since the second quarter of 1996 when Ontario income tax cuts began, Ontario real disposable income has increased much faster than in the rest of Canada. This has resulted in more job creation, stronger consumer confidence and faster real consumption growth than in the rest of Canada during the same period.



- ◆ From the second quarter of 1996, when Ontario income tax cuts began, to the second quarter of 2000, Ontario real disposable income increased by 15.7 per cent, much stronger than the 10.1 per cent pace for the rest of Canada.
- ◆ During the same period, Ontario real consumption has increased by 17.6 per cent, compared to only 14.0 per cent for the rest of Canada.
- ◆ From the second quarter of 1996, Ontario has created 797,000 jobs, or 50.8 per cent of the total job gains in Canada, despite making up only 39.0 per cent of national employment during the same period.

Result: Healthy Youth Job Gains Continue

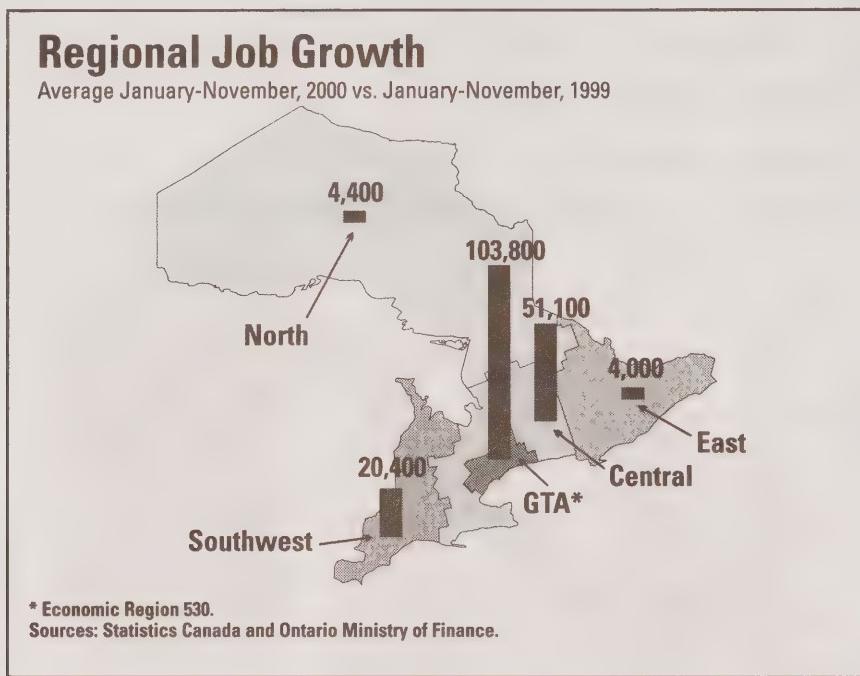
Youth have experienced robust job gains as a result of Ontario's strong economic growth. Since September 1995, Ontario's youth have gained 136,600 net new jobs. This represents 52 per cent of all new youth jobs in Canada during that period, compared to Ontario's share of the national youth labour force at 38 per cent.



- ◆ In 1999, Ontario's youth gained 49,100 net new jobs, the fastest annual job growth on record for youth. Almost 90 per cent of these job gains were full-time.
- ◆ During the first 11 months of 2000, Ontario's youth gained 38,300 net new jobs compared to the same period last year.
- ◆ Since the peak in April 1997, Ontario's youth unemployment rate has fallen to 12.5 per cent, and continues to be lower than the rest of Canada.
- ◆ In 2000-01, Ontario is spending \$211 million on the most extensive youth employment programs in Canada. These programs are benefiting 215,000 youth, more than double the number of youth served six years ago.

Result: Job Growth in All Regions

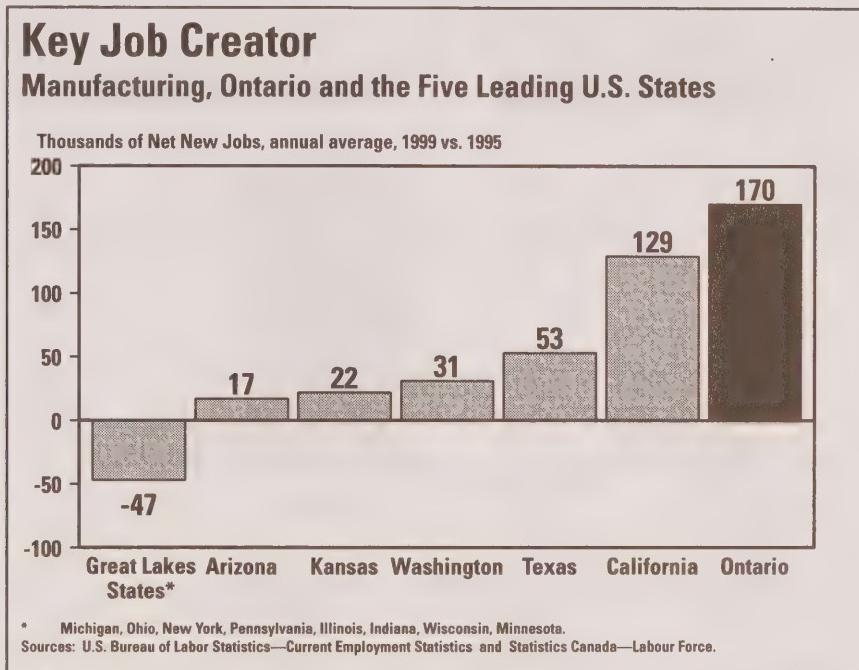
Employment increased in all five of Ontario's regional economies during the past year, the Greater Toronto Area (GTA), Central Ontario, Eastern Ontario, Southwestern Ontario and Northern Ontario.



- ◆ The GTA accounts for 45 per cent of Ontario's employment. This year the GTA's economy has created 103,800 net new jobs.
- ◆ Central Ontario accounts for 23 per cent of the province's total jobs while the Southwest and the East account for 13 per cent each.
- ◆ Job growth slowed in the North and the East after posting strong gains in 1999. In the North, jobs have grown by 18,700 since 1997 while jobs in the East have grown by 70,800 over the same period.
- ◆ Of major urban areas in Canada, Ottawa-Hull's 5.4 per cent and Windsor's 5.1 per cent unemployment rates are among the lowest in the country.

Result: Ontario a North American Leader in Manufacturing Job Growth

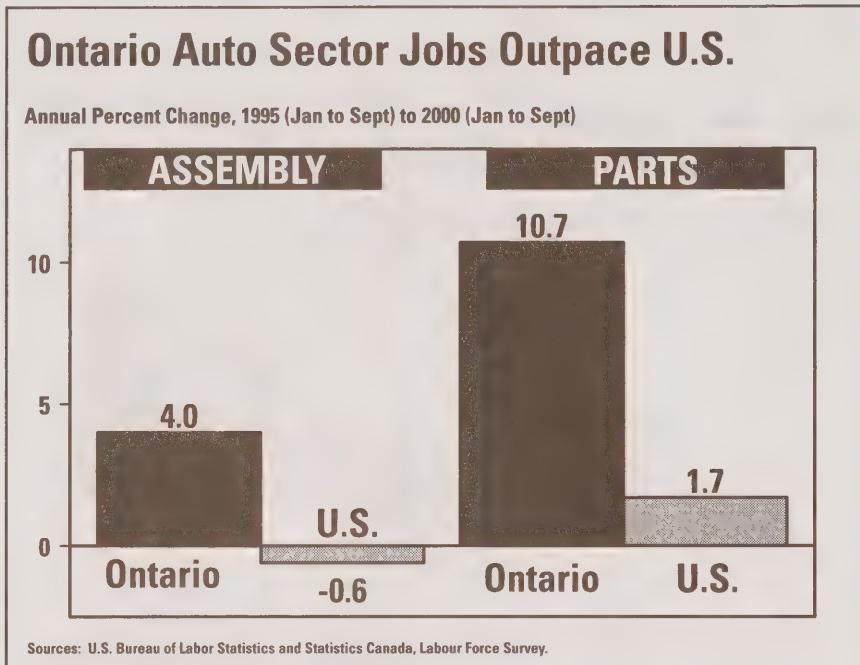
More manufacturing jobs have been created in Ontario in the past four years than in any other jurisdiction in Canada or the United States.



- ◆ Ontario is a critical part of North America's manufacturing heartland. The province's manufacturing sector gained 170,000 jobs between 1995 and 1999, dramatically outperforming its Great Lakes competitors. The eight Great Lakes States as a group lost 47,000 manufacturing jobs in the same period.
- ◆ Ontario manufacturing job gains were greatest for transportation equipment (+45,000), computers and electronic products (+21,000), furniture (+19,000), rubber and plastics (+19,000), and fabricated metals (+18,000).
- ◆ Toronto led Canadian gains in manufacturing employment with 92,000 net new jobs – nearly twice as many jobs as created by the next-largest metropolitan area, Montreal.
- ◆ Ottawa recorded the second-largest gain in manufacturing jobs in Ontario with 9,900, led by new-economy manufacturing industries. Windsor was next largest with 8,800 net new jobs created, followed by Hamilton and Kitchener with 6,600 each.

Result: Auto Industry Production Share Up

Ontario is the second-largest auto-producing jurisdiction in North America behind Michigan. Ontario exports more autos to the United States than do Japan and Europe combined.

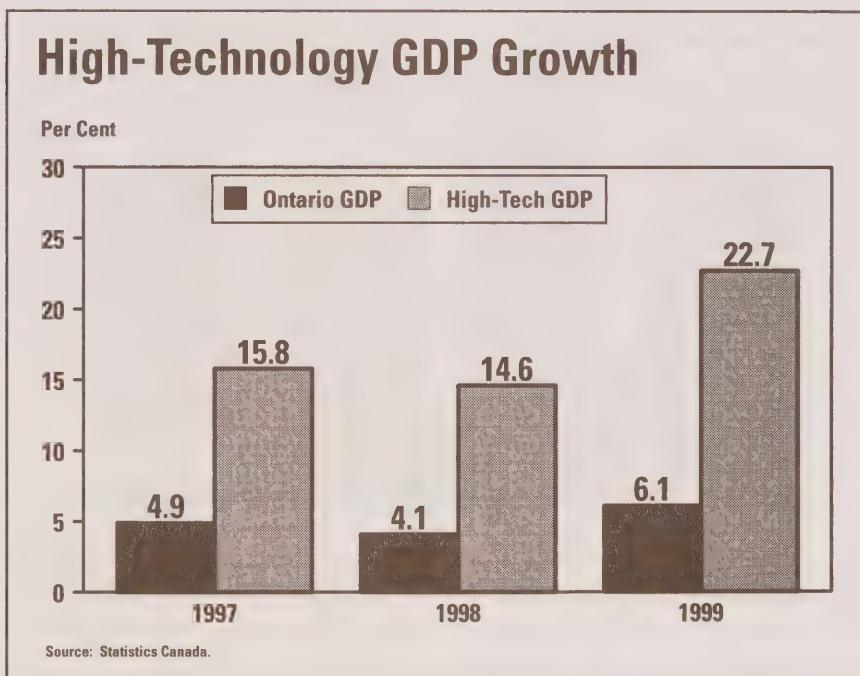


- ◆ In 2000 (January-September), Ontario's share of North American vehicle production reached 15.6 per cent, up from 14.5 per cent in the same period in 1995. Since 1995 (January-September), Ontario's share of employment in the North American auto parts industry has grown from 13.5 per cent to 15.7 per cent.
- ◆ In 1999, Ontario manufactured more trucks, including SUVs and minivans, than any other jurisdiction in North America.
- ◆ The Ontario auto industry has directly created 63,600 jobs since 1995 (January-September). Of these, 49,200 have been created in the rapidly growing auto parts industry. Growth in autos and parts supports job creation in many other Ontario industries, such as steel, plastics and machinery.
- ◆ Auto-related R&D in Ontario is expanding significantly, following recent announcements by Daimler-Chrysler in Windsor and GM in Oshawa.

Result: High-Tech Sector Engine of Growth

Four key knowledge-based industries have led economic growth over the last three years with strong gains continuing into 2000.

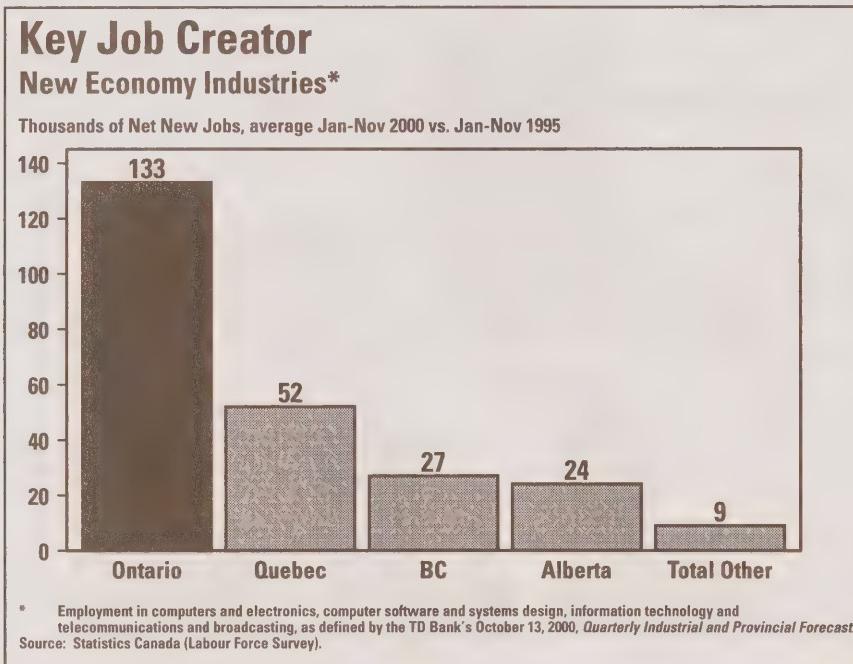
- ◆ Output of computer manufacturing, telecommunication and electronic equipment manufacturing, computer services and telecommunication carriers rose 22.7 per cent in 1999, the third consecutive year of double-digit growth. Over the first half of 2000, high-tech output has surged by nearly 25 per cent. The share of these four industries in the Ontario economy has risen from 4.4 per cent in 1996 to 6.2 per cent in 1999.



- ◆ Production of computers jumped 27.8 per cent in 1999, following a 36.1 per cent increase in 1998. Robust growth continued in 2000, with production advancing at its quickest quarterly pace on record in the second quarter. Output of computer equipment has nearly tripled since mid-1995.
- ◆ Telecommunication and electronic equipment manufacturing rose 15.3 per cent in 1999. Production by this group has increased 57.2 per cent since mid-1995.
- ◆ Output by telecommunication carriers climbed 18.5 per cent in 1999, the strongest growth rate on record. GDP from this industry has increased 65.4 per cent since mid-1995.
- ◆ Coinciding with strong production levels, computer services output rose 30.9 per cent in 1999. Production has increased 151 per cent since mid-1995.

Result: Rapid Job Growth in New-Economy Industries

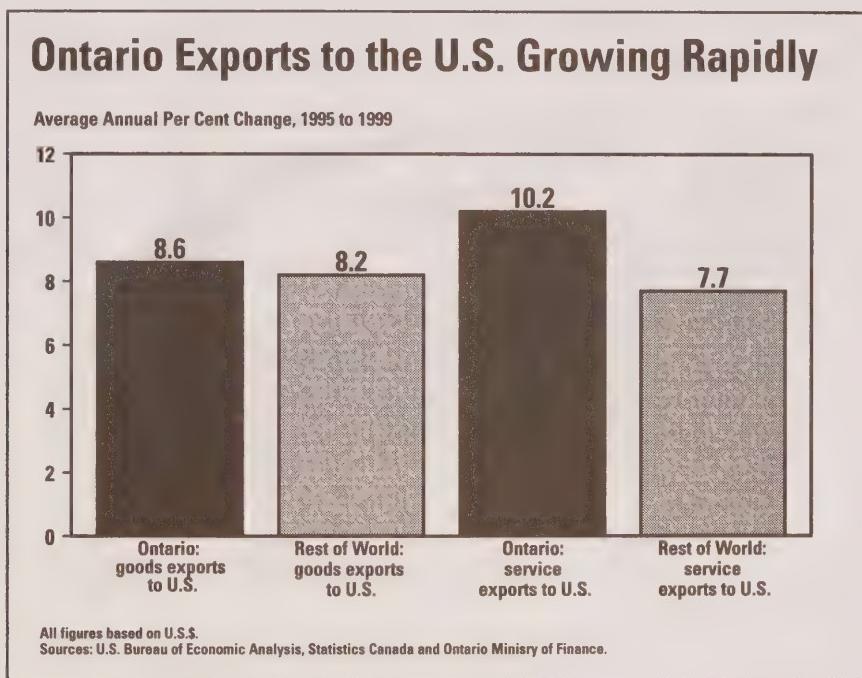
According to a recent TD Bank study, Ontario accounts for nearly 50 per cent of all Canadian jobs in the new economy. New-economy industries include information technology, telecommunications and broadcasting media. They have generated 133,000 net new jobs since 1995, accounting for 18.2 per cent of Ontario's total employment growth. New-economy employment has grown faster in Ontario than in any other province since 1995, except for P.E.I.



- ◆ New-economy industries account for 6.1 per cent of total Ontario employment, well above the average for Canada as a whole, according to the TD Bank study.
 - Growth in Ontario has been 9.7 per cent annually since 1995, as compared to 7.2 per cent for the rest of Canada.
- ◆ In the Ottawa area, new-economy employment has almost doubled since 1995, the second-largest gain in new-economy jobs of all Canadian cities, after Toronto. Employment in new economy industries rivals the federal government as the largest local source of jobs.
- ◆ New-economy employment has also grown rapidly in Kitchener-Waterloo-Cambridge, by 11.8 per cent annually since 1995, and in the Toronto region by 10.3 per cent annually.

Result: Exports to United States Diversifying and Gaining Market Share

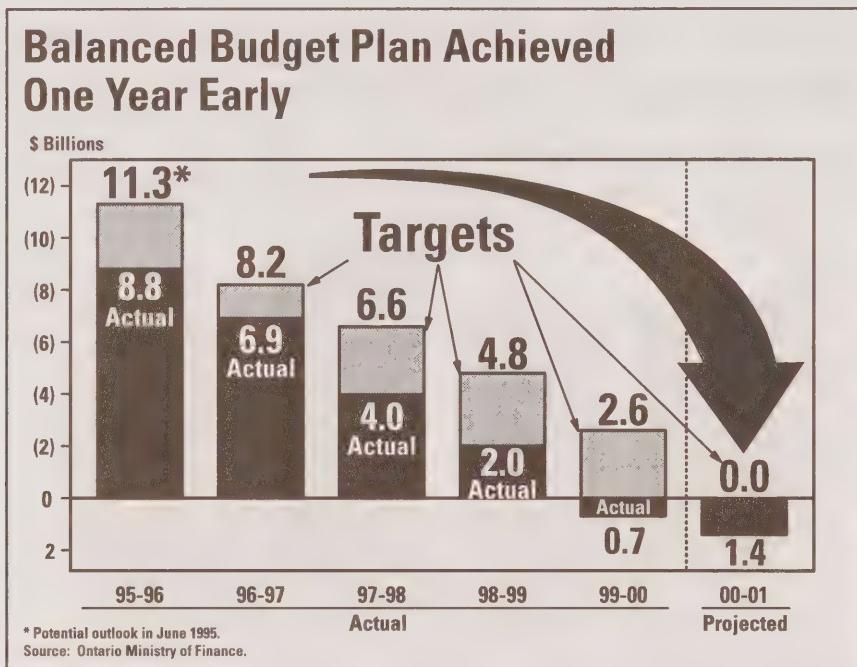
Ontario total exports of goods and services to the United States grew an average of 8.7 per cent annually from 1995 to 1999, outpacing United States imports from the rest of the world, including from the rest of Canada. This reflects Ontario's competitive strengths in many industries.



- ◆ Ontario's total exports of goods to the United States have grown an average of 8.6 per cent annually since 1995.
- ◆ Rapidly growing exports to the United States include auto and parts, telecommunications equipment, electrical and electronic products, plastics, specialty chemicals, refined petroleum products, aircraft and parts, cereal products, furniture and clothing.
- ◆ Ontario exports of services to the United States, including commercial services, travel and transportation, expanded at an annual rate of 10.2 per cent since 1995.

Result: Balanced Budget Plan Achieved – One Year Early

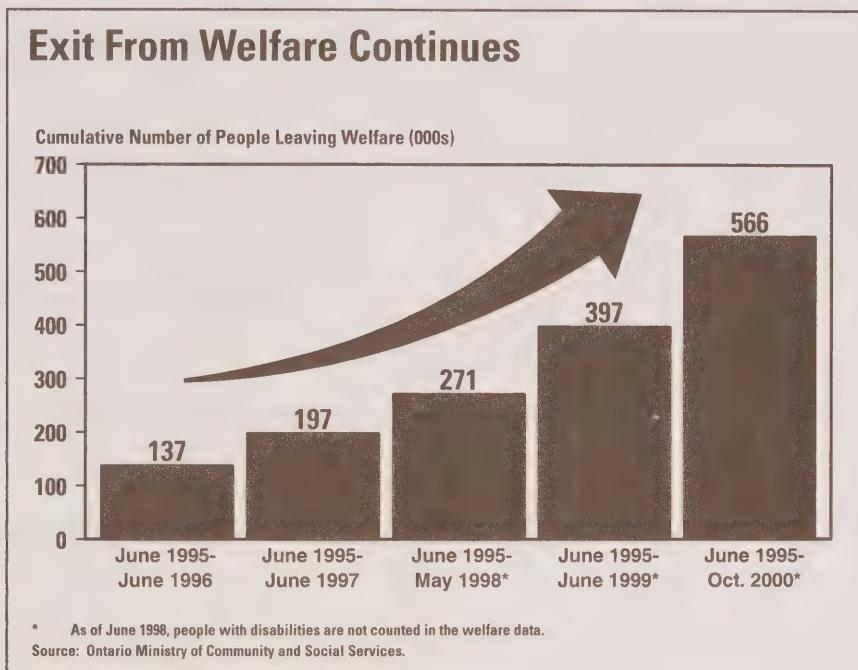
With a \$668 million surplus in 1999-2000 and a \$1,366 million surplus projected for 2000-01, Ontario is on track to achieve the first back-to-back budget surpluses in more than half a century.



- ◆ In each of the past five years, the Province's deficit reduction targets have been overachieved.
 - Ontario is on track in the final year of the Balanced Budget Plan to overachieve the target for the sixth consecutive year with a surplus projected at \$1,366 million.
- ◆ The passage of the *Taxpayer Protection and Balanced Budget Acts, 1999*, will help ensure that future fiscal responsibility is maintained.
- ◆ In 1999-2000 more than \$1 billion was applied to Net Provincial Debt reduction.
 - With a further projected \$1.6 billion Net Provincial Debt reduction in 2000-01, Ontario is more than halfway toward meeting its Net Provincial Debt reduction commitment.

Result: Continuing Success in Lowering Welfare Dependence

The year 2000 marks the sixth consecutive year of decline in welfare dependence in Ontario. Nearly 566,000 people (including children) have left welfare since June 1995.



- ◆ Ontario's success in lowering welfare dependence is due to the combined influence of strong job growth and welfare reforms that encourage independence. Since the September 1995 Throne Speech, Ontario's economy has generated 830,000 net new jobs.
- ◆ Ontario Works, the Province's mandatory work-for-welfare program, provides people with opportunities to upgrade their education, participate in job training and gain valuable work experience through community and private-sector job placements.

C. Economic Outlook

Ontario's economic prospects are sound. Healthy job creation, higher incomes and rising prosperity are being shared broadly across the province. This section highlights Ontario's economic growth prospects.

- ▶ Highlights
- ▶ Strong Growth Expected to Continue
- ▶ Strong Job Market Outlook
- ▶ Consumer Spending Supported by Tax Cuts and Solid Job Gains
- ▶ Housing Outlook Bright
- ▶ Investment Strong
- ▶ Healthy Export Growth
- ▶ Inflation Moderate
- ▶ Continued Low Interest Rates
- ▶ Conclusion

Highlights

Household spending, investment and exports are all expected to grow strongly in 2001. Continued strong growth will lead to higher after-tax income, healthy job gains and a declining unemployment rate.

Ontario Economic Outlook at a Glance

(Annual Average)

	1998	1999	2000e	2001p
Real GDP Growth (per cent)	4.1	6.1	5.5	3.7
Unemployment Rate (per cent)	7.2	6.3	5.7	5.6
CPI Inflation (per cent)	0.9	1.9	2.9	2.5

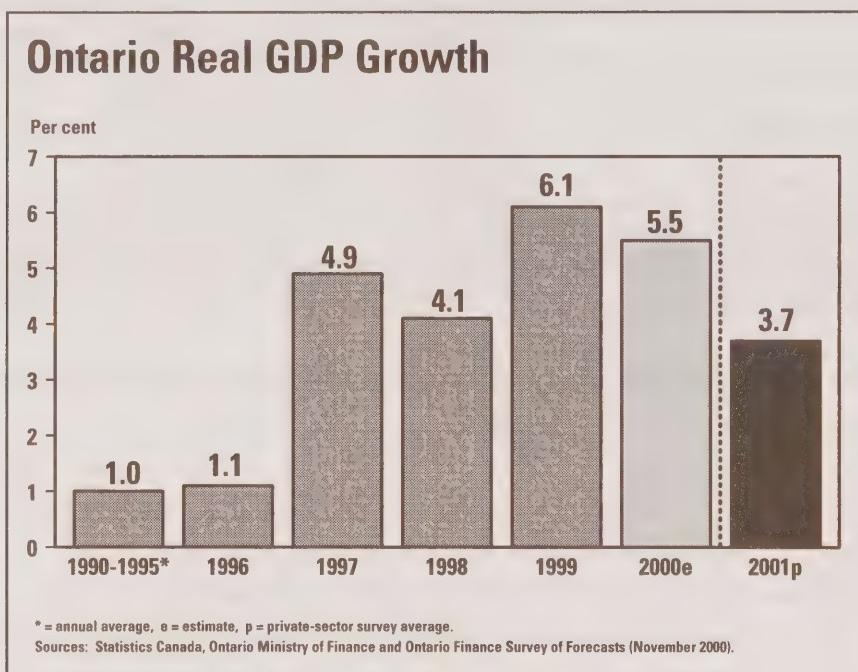
e = estimate, p = private-sector survey average.

Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Finance Survey of Forecasts (November 2000).

- ◆ Healthy gains in consumer spending and housing market activity will be bolstered by rising after-tax income and increased job creation.
- ◆ Rising corporate profits, strong foreign and domestic demand and high industry capacity utilization rates are prompting robust business investment, especially in the productivity-enhancing information technology sector. All sectors of the economy are increasing investment and adopting new technologies, leading to strong productivity growth.
- ◆ Ontario's major international trading partner, the United States, has continued to grow above expectations, boosting the province's exports. Near-record annual auto sales in the United States and across Canada, combined with expanding high-tech investment, are fuelling Ontario exports.

Strong Growth Expected to Continue

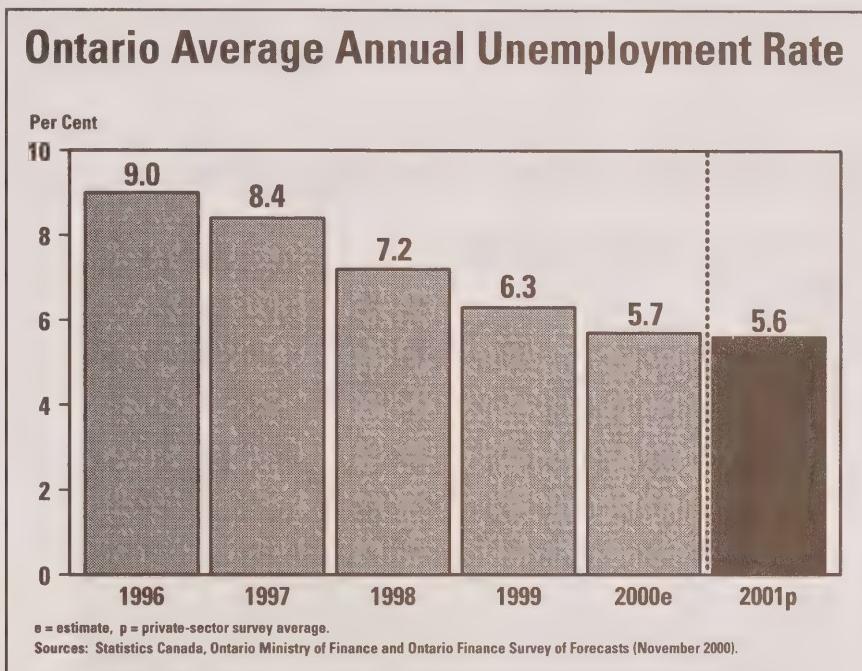
The Ontario economy continues to surpass even the most optimistic expectations. At the time of the Province's 2000 Budget, private-sector economists forecast real GDP to rise 4.7 per cent in 2000, with the most optimistic forecast at 5.0 per cent. Economic growth has been even more robust than expected. On average, forecasters now expect the economy to expand by 5.5 per cent in 2000 and 3.7 per cent in 2001.



- ◆ Tax cuts, reduced regulation and sound fiscal management have created the conditions for strong economic growth in Ontario. As a result, job creation is vigorous, incomes are rising and consumer spending is thriving. Healthy gains in corporate profits are encouraging businesses to invest in new plants and more productive machinery and equipment.
- ◆ All private-sector forecasters expect the Ontario economy to grow faster than the Canadian economy in 2000 and 2001.

Strong Job Market Outlook

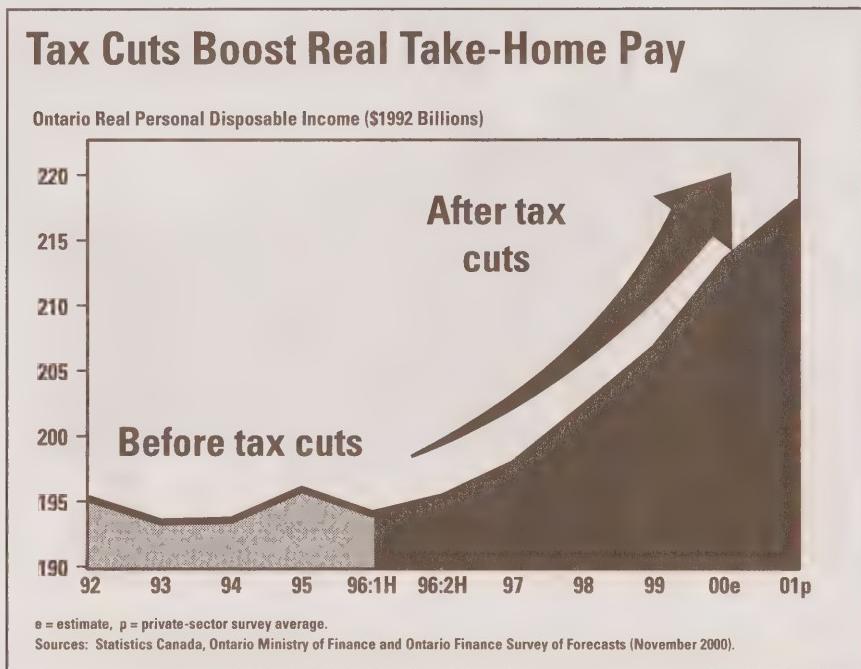
Tax cuts create jobs. Government policies of lower taxes, reduced regulation and sound fiscal management have laid a solid foundation for strong growth and job creation.



- ◆ Strong economic growth is expected to support average annual job growth of 3.3 per cent in 2000 and up to 3.0 per cent in 2001.
- ◆ Healthy job creation, tax cuts and welfare reform are inspiring more Ontarians to participate in the labour force, and they are finding jobs. The unemployment rate is expected to fall to 5.6 per cent in 2001 from an estimated 5.7 per cent in 2000, continuing the steady decline from the height of 9.1 per cent in mid-1995.

Consumer Spending Supported by Tax Cuts and Solid Job Gains

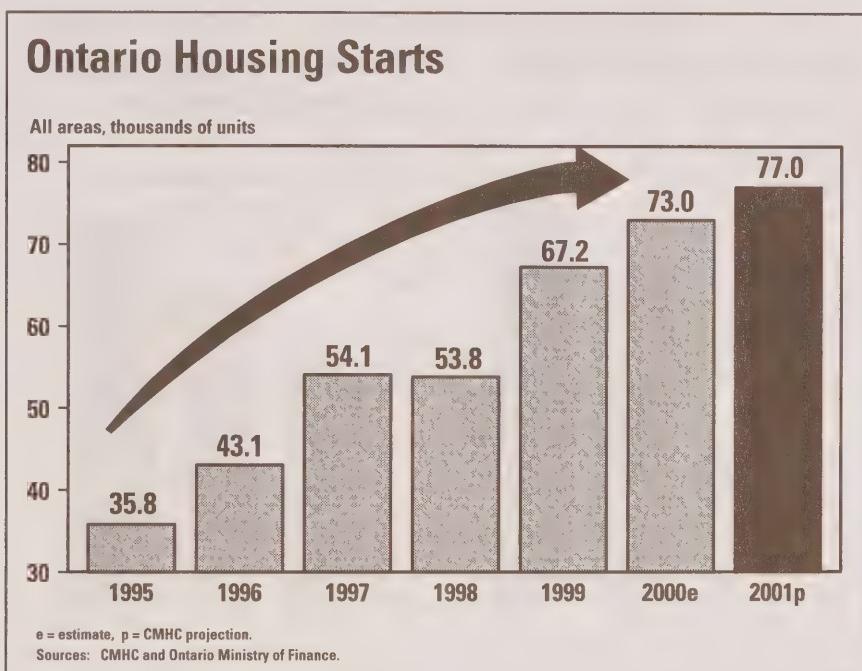
Consumer spending will continue to be the major source of economic growth in 2001, supported by rising after-tax income. Personal tax cuts and continued solid job gains will lead to strong income gains in 2001.



- ◆ Private-sector forecasters on average expect real disposable income to rise by 3.1 per cent in 2001, after an estimated gain of 5.0 per cent in 2000. The sharp rise in income is supported by Ontario Government policies to reduce taxes and improve the business climate. These policies leave more money in the pockets of taxpayers, promote consumer spending, encourage business investment and create jobs.
- ◆ Real consumer spending is expected to increase by 3.0 per cent in 2001, following an estimated 4.3 per cent rise in 2000.

Housing Outlook Bright

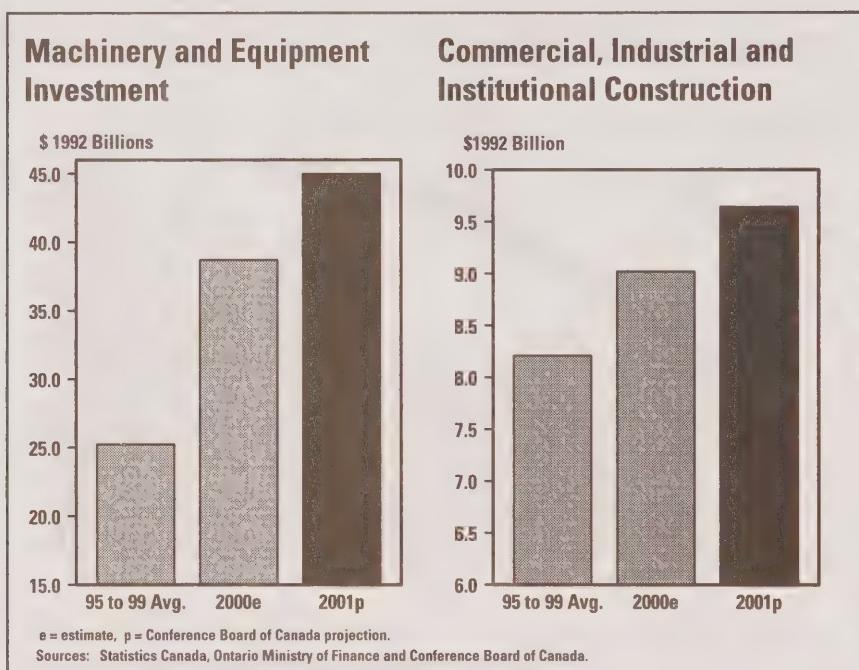
Strong employment growth and rising income are supporting a buoyant housing market. Despite a slowdown in construction due to collective-bargaining disputes in the second quarter, the number of housing units started this year is expected to be double its 1995 level, rising to 73,000 units. The Canada Mortgage and Housing Corporation (CMHC) forecasts Ontario housing starts will rise to 77,000 units in 2001.



- ◆ Mortgage rates have come down in recent months and remain low by historical standards. The cost of a five-year mortgage in late-November 2000 was 8.25 per cent.
- ◆ Housing remains very affordable. In October 2000, the monthly carrying costs for an average-price home in Ontario were \$1,092, compared to a peak of \$1,489 in 1990. Housing costs as a share of average after-tax household income have fallen sharply from a high of 35.5 per cent in 1990 to 22.1 per cent in 2000.
- ◆ First-time buyers of newly constructed homes have been encouraged by Ontario's Land Transfer Tax rebate. Since this measure was introduced in 1996, it has helped over 77,000 Ontarians purchase their first home.

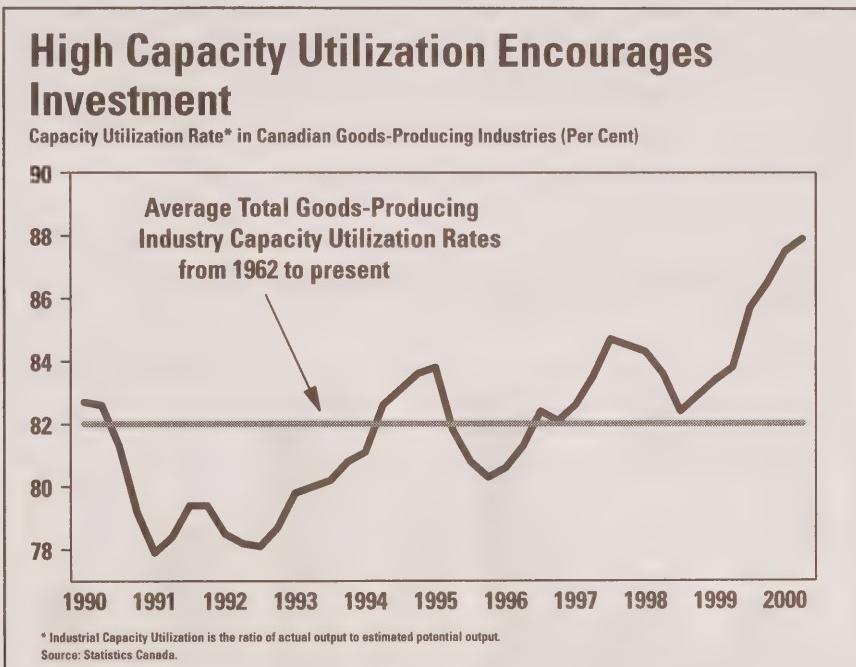
Investment Strong

Solid business investment growth is continuing in 2000 and 2001. The robust pace of growth in business investment reflects a strong expansion in the information technology sector as well as adoption of new technologies in the traditional sectors of the economy. Real investment in machinery and equipment is projected to rise by 16.3 per cent to \$45.0 billion in 2001; real non-residential construction is projected to rise by 6.9 per cent to \$9.6 billion.



- ◆ The real value of Ontario business investment in machinery and equipment rose by 122 per cent between 1995 and 2000. Real investment in commercial and industrial construction rose 32 per cent during the same period.
- ◆ Machinery and equipment investment has increased 20.1 per cent over the first half of this year, reflecting the solid growth in “traditional” industries and booming demand in information technology-related sectors.
- ◆ Strong business demand for office space is fuelling robust growth in commercial construction. The Toronto (GTA) office vacancy rate fell to 5.8 per cent in the third quarter of 2000, down from 8.1 per cent a year ago. In Ottawa the vacancy rate fell to 2.3 per cent in September 2000, down from 7.6 per cent a year earlier, reflecting strong growth in Ottawa’s burgeoning high-technology sector.

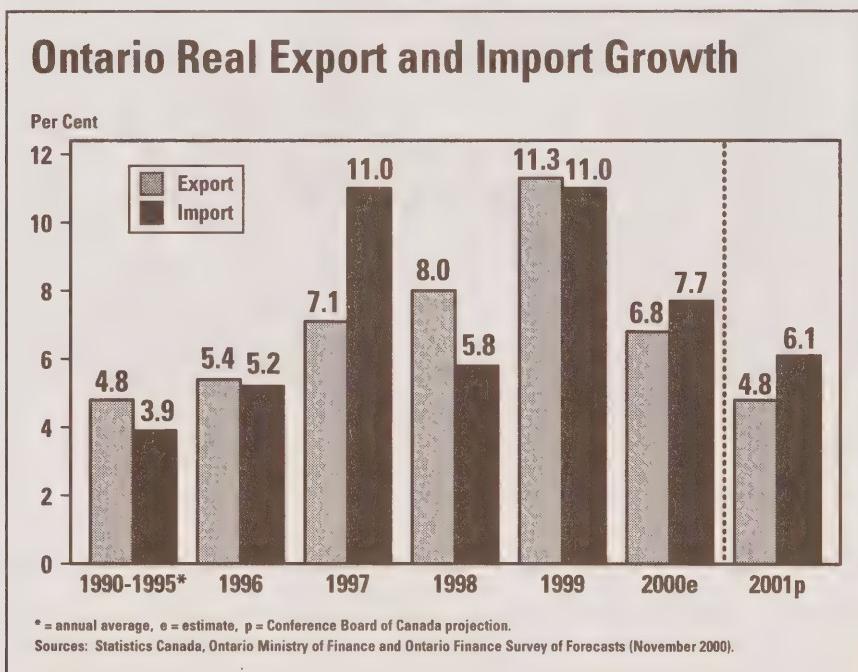
- ◆ Demand for industrial space in Ontario is strong. Commercial and industrial building permits rose at an annual average rate of 23.8 per cent over the past three years.
- ◆ Canadian capacity utilization rates are above the long-term average, prompting firms to invest further and increase potential production. Transportation equipment industries, primarily Ontario's auto industry, are operating at all-time-high capacity levels near 93 per cent.



Healthy Export Growth

Ontario export industries are recording another strong year in 2000, with international merchandise exports up 6.4 per cent over the first nine months of 2000. Over the same period, Ontario's international merchandise imports have risen by 8.0 per cent. Trade is projected to remain healthy in 2001, with continued economic growth in the United States, Europe and Asia.

- ◆ Rising productivity has been a key factor supporting Ontario's international competitiveness and export growth. Economy-wide unit labour costs have risen by only 4.1 per cent in Ontario since 1994, compared to 5.2 per cent in the rest of Canada and 9.2 per cent in the United States over the same period. The low value of the Canadian dollar has further reinforced Ontario industry strength in global markets.

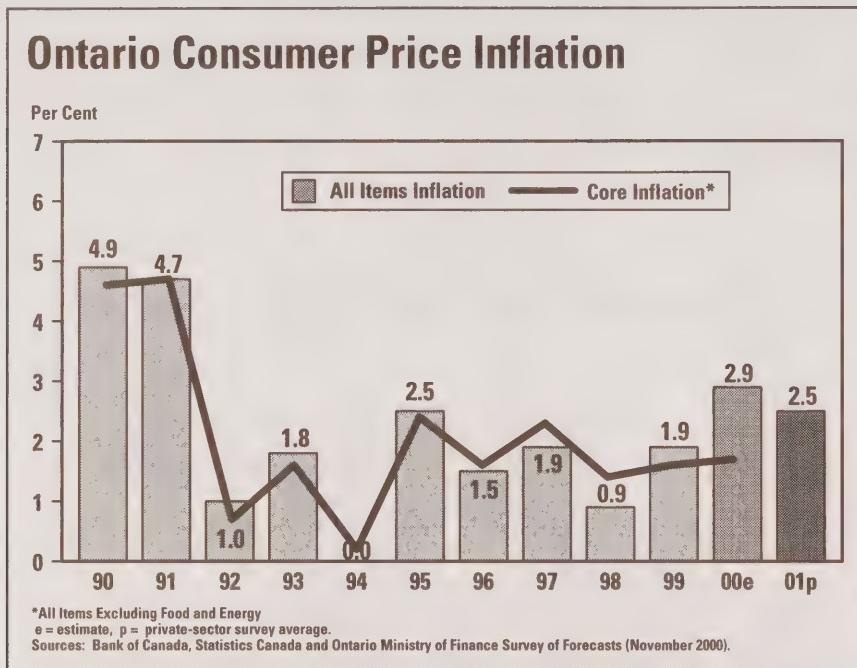


- ◆ International trade has increased in importance to the Ontario economy through the 1990s. Following the Free Trade Agreement and the North American Free Trade Agreement, the province's international orientation has increased sharply. Ontario's exports and imports were equivalent to only 28.8 per cent and 31.5 per cent respectively of GDP in 1989. This ratio rose to 53.7 per cent for exports and 50.0 per cent for imports in 1999.
- ◆ In part, Ontario's import and export growth over the 1990s reflects the increasing integration and rising regional specialization in the North American economy. The import content of our manufactured exports has been rising with this integration. Increased integration, specialization and investment in new technologies will make Ontario industries more efficient and productive, benefiting all Ontarians.

- ◆ Ontario's exports of high-technology goods are booming in 2000. Over the first nine months of 2000 Ontario's exports of telecommunication equipment jumped 25.3 per cent in real terms, while computer exports grew 27.3 per cent. Auto exports are up 0.9 per cent over the same period last year following a 26.1 per cent annual gain in 1999.
- ◆ Strong export and import growth has been complemented by rapidly expanding domestic demand, providing Ontario with dynamic, well-balanced economic growth. In 1999, domestic demand accounted for three-quarters of real GDP growth. Domestic demand is expected to continue to play the driving role in Ontario's economic development. Since 1995, net exports (exports minus imports) have accounted for less than one-fifth of Ontario's total economic growth.

Inflation Moderate

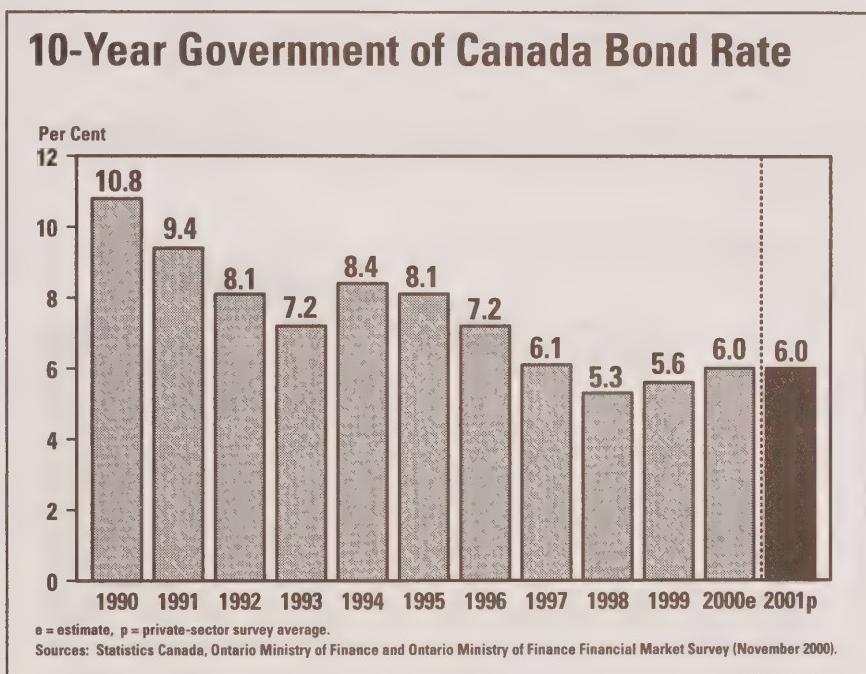
Ontario's CPI inflation rate is anticipated to average 2.9 per cent in 2000 and 2.5 per cent in 2001, according to recent private-sector forecasts. The rise in CPI inflation is largely the result of higher energy prices. Core CPI inflation (all items excluding food and energy) remains below the mid-point of the Bank of Canada's target range of one to three per cent.



- ◆ In Ontario, the year-over-year CPI inflation rate was 2.9 per cent in October 2000. Excluding the impact of energy and food prices, the CPI inflation rate would have been 1.8 per cent in October 2000.
- ◆ Since early 1999, crude oil prices West Texas Intermediate (WTI) have climbed nearly threefold, rising from US\$12.50 per barrel in January 1999 to US\$34 recently. Ontario's average gasoline pump price has risen nearly 50 per cent over the same period. Private-sector forecasters expect oil prices WTI to decline to US\$27 by the end of November 2001.
- ◆ Despite the rise in energy prices, the core rate of CPI inflation is not expected to move above the Bank of Canada's target range. Inflation is expected to remain low, reflecting rising productivity and increasing potential growth in the economy.
- ◆ Ontario wage settlements have remained moderate, averaging 2.4 per cent so far this year. The year-over-year rise in average hourly wages of permanent employees was 4.4 per cent in the third quarter as workers share in the benefit of rising productivity growth.

Continued Low Interest Rates

Interest rates in Canada are projected to remain low by historical standards, a benefit of low inflation and ongoing government surpluses. In the United States, the Federal Reserve has raised interest rates by 100 basis points this year, on top of a 75 basis point hike in 1999. The Bank of Canada has also raised interest rates, matching the Federal Reserve rate hikes in 2000, following a quarter-point increase in November 1999. Most private-sector forecasters think that interest rates are at or near their peak for this cycle.



- ◆ Private-sector forecasters expect the 3-month treasury bill rate to average 5.7 per cent in 2001, close to the current rate.

Canadian Interest Rate Outlook (Annual per cent)

	1999	2000e	2001p
3-month treasury bill	4.7	5.5	5.7
10-year government bonds	5.6	6.0	6.0

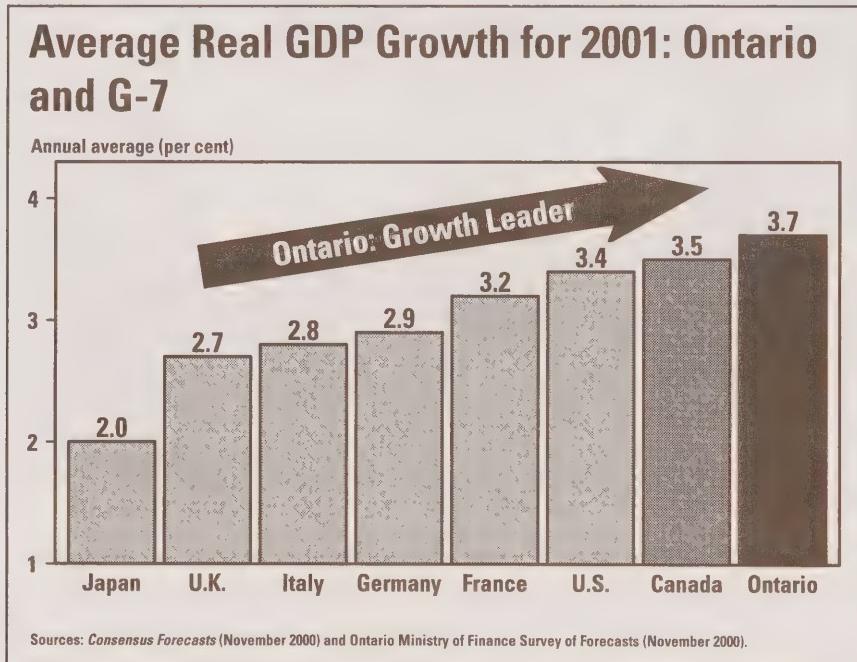
e = estimate, p = private-sector survey average.

Sources: Bank of Canada, Ontario Ministry of Finance and Ministry of Finance Financial Market Survey (November 2000).

Conclusion

Economic performance continues to be strong in Ontario, and the future is bright. Jobs are plentiful. The Ontario economy will continue to expand at a strong pace. Income and corporate profit growth continues, and consumer spending will be boosted by declining tax rates. Businesses continue to invest heavily in the province. Tax cuts and sound fiscal policies have laid the foundation for a healthy future for Ontarians.

Private-sector economists, on average, expect Ontario to grow 3.7 per cent in 2001, faster than Canada as a whole or any of the other G-7 major industrial countries.



D. Ontario's Fiscal Plan

This section provides an update on the Province's 2000-01 fiscal outlook, based on results for the second quarter ending September 30; reports on Ontario's recent fiscal performance; and reviews Ontario's financing and debt management.

- ▶ Introduction
- ▶ 2000-01 Fiscal Outlook: Second-Quarter Update
- ▶ Financing and Debt Management
- ▶ Conclusion
- ▶ Financial Tables and Graphs

Introduction

Upon assuming office in June of 1995, the Government was facing a potential deficit of \$11.3 billion. The Province was spending over \$1 million more an hour than it was receiving in revenue. Based on the second quarter outlook, for the period ending September 30, 2000, Ontario now has a surplus projected at \$1,366 million for 2000-01. After recording a surplus of \$668 million in 1999-2000, Ontario is on track to record its second consecutive budget surplus, the first back-to-back surpluses since World War II.

In the decade prior to June 1995, the level of Ontario's debt more than tripled. In 1999-2000 Net Provincial Debt was reduced by more than \$1 billion, and based on the projected surplus, debt will be reduced by another \$1.6 billion in 2000-01. The Government is well on its way toward meeting its commitment to reduce Net Provincial Debt by at least \$5 billion during this mandate.

Ontario now has in place the fiscal framework required to maintain sustainable funding for priority programs. But more needs to be done. Public Debt Interest costs the taxpayer over \$9 billion each year, or 15 per cent of total spending. This represents the single largest Government expenditure, exceeding transfers to hospitals or transfers to school boards. The Government's commitment to reduce Net Provincial Debt will, over time, reduce the burden of interest costs on the Province's budget and help ensure there is more funding available to support priority programs and further tax reductions.

This section will:

- ◆ provide an update on the Province's 2000-01 fiscal outlook, based on results for the second quarter ending September 30;
- ◆ report on Ontario's recent fiscal performance; and
- ◆ review Ontario's financing and debt management.

2000-01 Fiscal Outlook: Second-Quarter Update

2000-01 on Track for Second Consecutive Budget Surplus

As of September 30, 2000, the Province is on track to achieve its second consecutive budget surplus. With surpluses in 1999-2000 and 2000-01, Ontario will achieve the first back-to-back surpluses in more than a half century.

2000-01 Fiscal Performance

(\$ Millions)

	Budget Plan	Current Outlook*	In-Year Change
Revenue**	62,060	64,053	1,993
Expenditure			
Programs	49,525	50,172	647
Restructuring and Other Charges	--	--	--
Accounting Changes from 1999-00 Public Accounts**	--	606	606
Total Program Expenditure	49,525	50,778	1,253
Capital**	2,075	2,209	134
Public Debt Interest			
Provincial	8,940	8,910	(30)
Electricity Sector	520	520	--
Total Expenditure**	61,060	62,417	1,357
Reserve	1,000	--	(1,000)
Net Impact of Electricity Restructuring to be Recovered from Ratepayers***	--	270	270
Surplus / (Deficit)	0	1,366	1,366

* Second-quarter results as at September 30.

** Accounting changes introduced in the 1999-00 Public Accounts increased total 2000-01 expenditure in-year by \$746 million, representing more than 50 per cent of the in-year change from Budget Plan. These changes include an increase in the Provision for the Electricity Sector, and the expenditure impact of consolidating the Independent Electricity Market Operator and the Metro Toronto Convention Centre as government organizations, consistent with the treatment in the 1999-00 Public Accounts. Revenue increased by \$358 million in 2000-01 as a result of these accounting changes.

*** Reflects the estimated excess of expenditure over revenue of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

Source: Ontario Ministry of Finance.

- ◆ Ontario's 2000 Budget Plan included a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. Based on improvements in the economic and revenue outlook, the \$1 billion reserve has been eliminated and applied to Net Provincial Debt reduction.

In-Year Revenue Changes

Total revenue in 2000-01 is forecast at \$64,053 million, \$1,993 million above the Budget projection, and up \$1,990 million from the First Quarter Ontario Finances outlook.

2000-01 Revenue Changes Since Budget (\$ Millions)

Changes This Quarter:

Taxation

Personal Income Tax	1,200
Retail Sales Tax	200
Employer Health Tax	60
Total Taxation	1,460
Income from Government Enterprises	175
Other Revenue	355
Total Revenue Changes Since First Quarter	1,990
Increase in Other Revenue Reported in First Quarter Ontario Finances	3
Total In-Year Revenue Changes	1,993

Source: Ontario Ministry of Finance.

- ◆ The strength of the Ontario economy is boosting tax revenue above the 2000 Ontario Budget projection. Tax revenue is projected to be \$1,460 million above the 2000 Budget forecast.
 - Personal Income Tax revenue is \$1,200 million higher due to the vigorous pace of growth of employment and incomes in Ontario.
 - Retail Sales Tax is \$200 million higher as a result of strong growth in consumer and business spending.
 - Employer Health Tax is increased by \$60 million due to robust job creation.
- ◆ Income from Government Enterprises is \$175 million above the 2000 Ontario Budget projection.
 - Net income from the Ontario Lottery and Gaming Corporation is increased by \$170 million due to the performance of slot machines at race tracks.
 - Other Income from Government Enterprises is increased by \$5 million as a result of the change in status of the Metro Toronto Convention Centre from government enterprise to government organization, consistent with the treatment in the 1999-2000 Public Accounts. With this change in status, a \$5 million net loss for the Metro Toronto Convention Centre, which was included in the 2000 Budget outlook, is now excluded from Income from Government Enterprises. Metro Toronto Convention Centre gross revenue is now included in Sales and Rental revenue.

- ♦ Other revenue is up a total of \$358 million from Budget and \$355 million from the First Quarter Ontario Finances. These increases are due to:
 - a \$308 million increase in Miscellaneous revenue for the consolidation of the Independent Electricity Market Operator as a government organization, and a \$45 million increase in Sales and Rentals for the change in status of the Metro Toronto Convention Centre from government enterprise to government organization. Both of these increases are consistent with the treatment of these organizations in the 1999-2000 Public Accounts.
 - a \$2 million increase in Miscellaneous revenue for policing services provided for the Town of Tillsonburg, the County of Brant and the Township of Red Rock. An additional \$3 million increase for policing services for Collingwood, Lambton County and Tecumseh was reported in the First Quarter Ontario Finances.

In-Year Operating Expenditure Changes

2000-01 operating expenditure increased by \$617 million from the 2000 Budget Plan as a result of in-year decisions, and \$606 million due to accounting changes introduced in the 1999-00 Public Accounts.

2000-01 Operating Expenditure Changes Since Budget

(\$ Millions)

Changes This Quarter:

Hospitals' Comprehensive Strategy – modernization of services	398
Public Service Pension Plan – benefit improvements and contribution holiday	138
Emergency health services – in-year increase	100
Public Debt Interest – savings	<u>(30)</u>
Sub-total	606

Accounting Changes*

Independent Electricity Market Operator – consolidation impact, offset by revenue	283
Electricity Sector – increase in provision	275
Metro Toronto Convention Centre – consolidation impact, offset by revenue	<u>48</u>
Total Accounting Changes	606
Net Changes Reported in First Quarter Ontario Finances	11
Total In-Year Operating Expenditure Changes	1,223

* Accounting changes introduced in the 1999-00 Public Accounts increased operating expenditure in-year by \$606 million.

Source: Ontario Ministry of Finance.

- ◆ An additional \$398 million has been provided in-year for the Hospitals' Comprehensive Strategy to support the extensive modernization of hospital services.
- ◆ An additional \$138 million has been provided in-year for various benefit improvements and a contribution holiday for members of the Public Service Pension Plan, similar to changes in the OPSEU Pension Plan.
- ◆ Expenditures increased \$100 million in-year to improve access to emergency health services and to implement the province-wide flu vaccination program.
- ◆ Public Debt Interest costs are down \$30 million due to lower-than-expected interest rates.
- ◆ Reported spending increased \$283 million in-year to reflect the operating component of the consolidation of the Independent Electricity Market Operator as a government organization, consistent with the treatment in the 1999-2000 Public Accounts. This increase is offset by revenue.

- ◆ Consistent with the Government's commitment to keep electricity income in the electricity sector, an amount of \$275 million has been added to the Provision for the Electricity Sector. This amount is equal to the net income of Ontario Power Generation and Hydro One in excess of the Province's interest expenditure on its equity investment in the electricity sector. This treatment is consistent with the establishment of the provision in the 1999-2000 Public Accounts.
- ◆ Reported spending increased \$48 million in-year as a result of the consolidation of the Metro Toronto Convention Centre as a government organization, consistent with the treatment in the 1999-00 Public Accounts. This increase is offset by revenue.

In-Year Capital Expenditure Changes

The capital expenditure outlook at \$2,209 million is up \$134 million from the 2000 Budget Plan and up \$142 million from the First Quarter Ontario Finances.

2000-01 Capital Expenditure Changes Since Budget (\$ Millions)

Changes This Quarter:

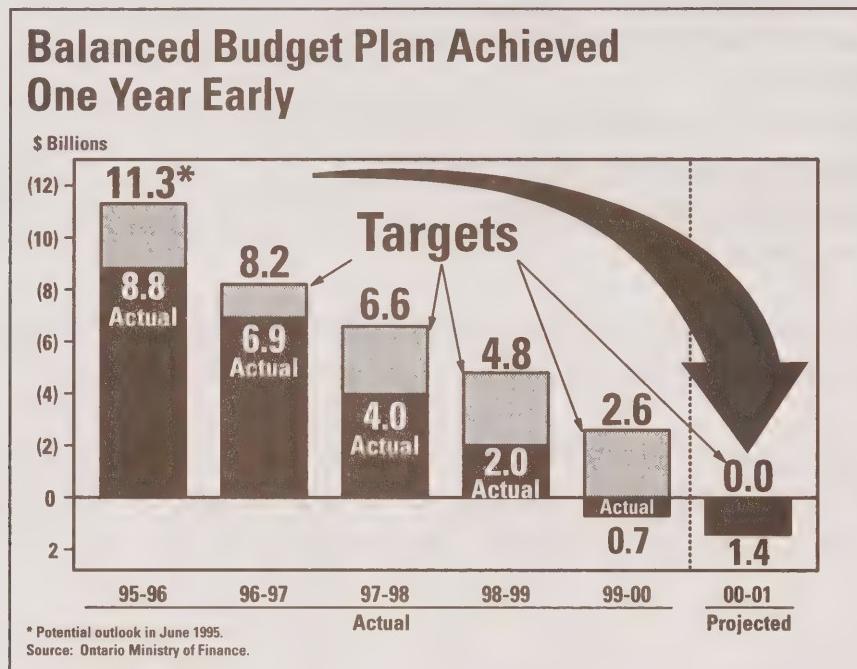
Aboriginal Community Capital Infrastructure Program	2
Accounting Changes	
Independent Electricity Market Operator – consolidation impact	140
Net Changes Reported in First Quarter Ontario Finances	(8)
Total In-Year Capital Expenditure Changes	134

Source: Ontario Ministry of Finance.

- ◆ Capital spending increased \$2 million in-year to support aboriginal economic development through the Aboriginal Community Capital Infrastructure Program.
- ◆ Reported expenditure increased \$140 million in-year to reflect the capital component of the consolidation of the Independent Electricity Market Operator as a government organization, consistent with the treatment in the 1999-2000 Public Accounts.

Balanced Budget Plan Achieved One Year Early

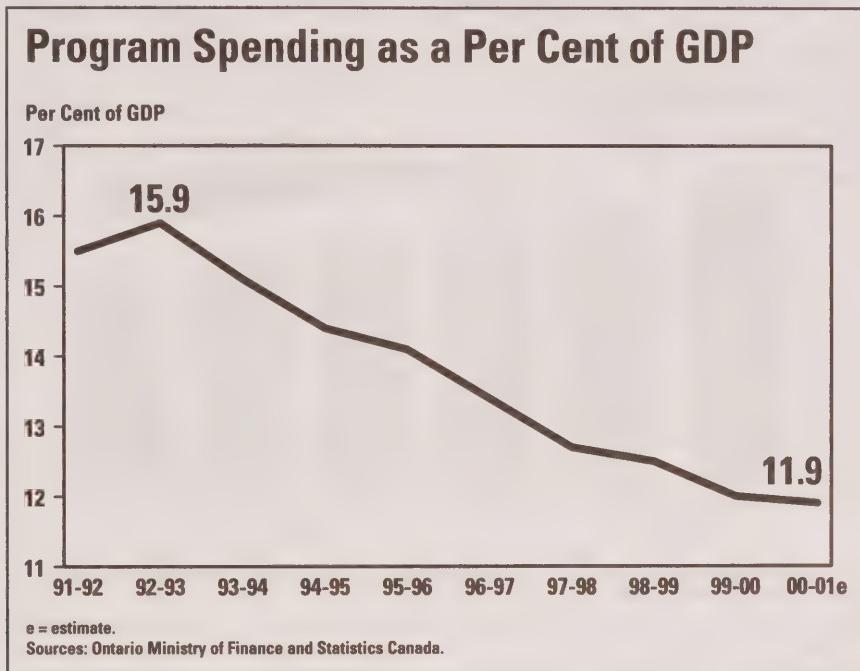
In the November 1995 Fiscal and Economic Statement, the Government introduced its Balanced Budget Plan, which set out declining annual deficit targets for the Province, culminating in a balanced budget in 2000-01. In each of the past five years, the Balanced Budget Plan targets have been overachieved, and in 1999-2000 Ontario balanced its budget one year early, recording a \$668 million surplus.



- ◆ In each year since 1995-96, the Balanced Budget Plan targets have been overachieved.
- ◆ As of September 30, the second-quarter outlook for 2000-01 is a \$1,366 million surplus, on track in the final year of the Balanced Budget Plan to overachieve the target for the sixth consecutive year.
- ◆ The recently released 1999-2000 Public Accounts reported the 1999-2000 surplus at \$668 million, a \$2,744 million improvement on the 1999 Budget deficit target of \$2,076 million, and a \$3.3 billion improvement on the original \$2.6 billion deficit target set out in the Balanced Budget Plan.

Program Spending as a Share of the Economy

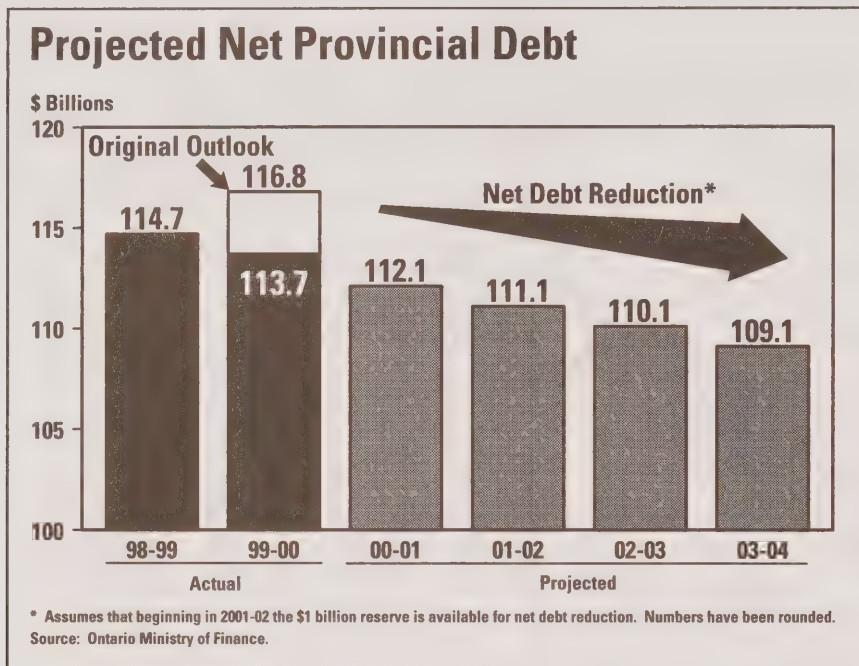
The Government's policy of controlling spending is demonstrated by a significant decline in program spending as a per cent of Ontario's Gross Domestic Product (GDP). This has been achieved by focusing spending on priority areas such as health care and education classroom spending, while continually finding improvements in the efficiency of government services.



- ◆ Program spending as a per cent of provincial GDP is projected at 11.9 per cent in 2000-01. Program spending as a share of the provincial economy has been reduced by about one quarter from the level recorded in 1992-93.

Commitment to Reduce Debt

Net Provincial Debt as of March 31, 2000 was \$113.7 billion, \$3.1 billion lower than it would have been under the 1999 Budget Plan. The Government's goal is to more than double the promised \$2 billion reduction in Net Provincial Debt to at least \$5 billion during this mandate.



- ◆ In 1999-2000, \$1,022 million was applied to reduce Net Provincial Debt, an amount equal to the \$668 million surplus reported in the 1999-2000 Public Accounts, excluding the \$354 million net impact of electricity restructuring to be recovered from ratepayers.
 - Based on the projected surplus for the current year, Net Provincial Debt will be reduced by another \$1,636 million in 2000-01.
 - With reductions in Net Provincial Debt in 1999-2000 and 2000-01, Ontario is more than halfway toward achieving its Net Provincial Debt reduction commitment.
- ◆ Ontario's 2000-01 Budget Plan included a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. Based on improvements in the economic and revenue outlook, the \$1 billion reserve has been eliminated and applied to Net Provincial Debt reduction.

Financing and Debt Management

Market Conditions

- ◆ The U.S. Federal Reserve has raised its Federal Funds rate by 50 basis points since the beginning of the fiscal year, in response to stronger-than-expected growth. U.S. Treasury yields have declined marginally in the fiscal year to date.
- ◆ The Bank of Canada has also raised interest rates by 50 basis points, aiming to keep inflation within its 1 to 3 per cent target range. Government of Canada bond yields have moved generally in tandem with those of the United States.
- ◆ After a gradual appreciation during 1999, the Canadian dollar has fallen against the U.S. dollar during 2000. The Canadian dollar has strengthened against most other major currencies.
- ◆ With the recent weakness in the Canadian dollar against the U.S. dollar, Canadian 10-year bond yields have moved consistently higher than their U.S. counterparts for the first time in over a year.

Financing Program

- ◆ As of September 30, net cash requirements have dropped by \$1.1 billion, although total financing requirements have increased from \$9.6 billion to \$10.0 billion, mainly due to a \$1.6 billion increase in "Early Redemptions and Debt Buybacks." These include early redemptions of Ontario Savings Bonds plus the repurchase of Ontario bonds that were re-issued at a lower cost.
- ◆ The Province borrowed \$1.5 billion during the second quarter. Approximately half of this amount was through the repurchase and re-issuance of Ontario bonds. The remaining borrowing included \$0.2 billion in Canada Pension Plan (CPP) refinancing, \$0.1 billion from two Canadian Medium Term Notes, \$0.1 billion from U.S. Commercial Paper and \$0.4 billion from a re-opening of the August 2005 U.S. \$1 billion Global issue.
- ◆ Almost 90 per cent of the borrowing completed during the first half of the year was raised in the Canadian dollar market, including the sale of \$3.4 billion in Ontario Savings Bonds in June.

Financial Summary

(\$ Millions) As of September 30, 2000

	2000-01 Budget Plan	2000-01 Outlook
USES OF FUNDS:		
Deficit/(Surplus)	—	(1,366)
Accruals and Consolidations	5,205	5,430
Net Borrowing on Behalf of Agencies	—	83
Increase/(Decrease) in Liquid Reserves	(4,500)	(4,500)
Net Cash Requirements	705	(353)
Maturing Debt	8,425	8,239
Early Redemptions and Debt Buybacks	500	2,148
Total Financing Requirements	9,630	10,034
SOURCES OF FUNDS:		
Canada Pension Plan Borrowing	1,038	805
Other Sources/(Uses)	—	(330)
Long-Term Public Borrowing Completed		7,798*
Long-Term Public Borrowing Planned	8,592	1,761
Total Financing	9,630	10,034

* Borrowing completed as of November 30, 2000.

For the purposes of this table, budget surpluses are expressed as negative numbers.

- ◆ Maturing debt is lower than forecast in the Budget Plan due to the Province exercising its options on extendible bonds. “Other Sources” of funds decreased by \$0.3 billion, mainly due to the Ontario Lottery and Gaming Corporation withdrawal of \$0.4 billion from the Province of Ontario Savings Office (POSO). This amount was partially offset by higher deposits at POSO.
- ◆ As of November 30, the Ontario Financing Authority (OFA) had completed \$7.8 billion of the Province’s planned 2000-01 long-term public market borrowing of \$9.6 billion. The Province plans to raise an additional \$1.8 billion in long-term public market financing this fiscal year.

Debt Management Program

- ◆ The Province adheres to prudent risk management policies, using financial instruments such as options and swaps to hedge the Province's foreign exchange and interest rate risks.
- ◆ The debt managed on behalf of the Province comprises: Debt Issued for Provincial Purposes, Debt Issued for Investment in Electricity Sector, deposits with the Province of Ontario Savings Office and Other Liabilities.
- ◆ The Province is limited to having a maximum foreign exchange exposure of 5 per cent of debt. As of September 30, the Province's foreign exchange exposure was only 1.7 per cent of debt.
- ◆ Ontario also limits its exposure to interest rate fluctuations. As of September 30, the Province's interest rate resetting risk (net of liquid reserves) was 13.6 per cent of debt. The Province is limited to having a maximum interest rate resetting exposure (net of liquid reserves) of 25 per cent of debt.

Net Provincial Debt Outlook

- ◆ Based on the projected surplus for 2000-01, Net Provincial Debt is forecast to be \$112.1 billion at March 31, 2001. This is \$2.0 billion lower than the Budget Plan due to lower-than-anticipated Net Provincial Debt in 1999-2000 reported in the 1999-2000 Public Accounts, and improvements in the surplus outlook for 2000-01. The reserve has also been applied to reduce Net Provincial Debt.

Ontario Electricity Financial Corporation

- ◆ As of September 30, Ontario Electricity Financial Corporation (OEFC) borrowing requirements were estimated at \$1.9 billion for 2000-01, down from the \$2.5 billion forecast in the Budget Plan.
- ◆ As of November 30, the OEFC had completed \$1.2 billion of its planned borrowing.

Conclusion

Due to sound fiscal management, Ontario is on track to achieve two consecutive budget surpluses, and the Province has established the framework and policies, as well as the *Taxpayer Protection and Balanced Budget Acts, 1999*, to ensure future budgets remain balanced.

By cutting taxes to encourage economic growth and focusing spending, the Government has reduced program spending as a share of the provincial economy while increasing spending in priority sectors such as health care and classroom education.

Ontarians can be proud of the fiscal achievements to date. With a healthy and vibrant economy, lower taxes and continuing reductions in Net Provincial Debt, Ontario is clearly on the right track.

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Operating Expenditure by Category, Per Cent of Total 1996-97 to 2000-01

Capital Expenditure by Category, Per Cent of Total 1996-97 to 2000-01

2000-01 Operating Expenditure by Category

2000-01 Capital Expenditure by Category

Statement of Financial Transactions
 (\$ Millions)
Table D1

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Outlook* 2000-01
Revenue	49,450	52,518	55,786	62,931	64,053
Expenditure					
Programs**	42,956	43,709	46,509	47,369	50,778
Restructuring and Other Charges	2,180	1,595	76	211	-
Total Program Expenditure	45,136	45,304	46,585	47,580	50,778
Capital**	2,612	2,451	2,187	4,832	2,209
Public Debt Interest					
Provincial	8,607	8,729	9,016	8,977	8,910
Electricity Sector	-	-	-	520	520
Total Expenditure	56,355	56,484	57,788	61,909	62,417
Reserve	-	-	-	-	-
Net Impact of Electricity Restructuring to be Recovered from Ratepayers***	-	-	-	354	270
Surplus / (Deficit)	(6,905)	(3,966)	(2,002)	668	1,366
Net Provincial Debt †	108,769	112,735	114,737	113,715	112,079

* Second-quarter results as at September 30.

** 1996-97 to 1998-99 restated to reflect reclassification of leases from capital to operating. Program expenditure totals in 1999-00 and 2000-01 reflect the impact of accounting changes introduced in the 1999-00 Public Accounts.

*** Reflects the estimated excess of expenditure over revenue of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

† Net Provincial Debt represents total Liabilities less Financial Assets.

Source: Ontario Ministry of Finance.

Revenue
(\$ Millions)
Table D2

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Outlook 2000-01
Taxation Revenue					
Personal Income Tax	16,357	16,293	17,190	17,617	18,730
Retail Sales Tax	9,964	10,843	11,651	12,879	13,600
Corporations Tax	5,852	7,456	7,447	8,095	8,765
Employer Health Tax	2,772	2,851	2,882	3,118	3,380
Gasoline Tax	1,951	2,028	2,068	2,154	2,260
Fuel Tax	540	563	592	665	665
Tobacco Tax	356	425	447	481	510
Land Transfer Tax	452	565	470	565	580
Mining Profits Tax	54	40	23	50	55
Race Tracks Tax	46	4	6	6	5
Preferred Share Dividends Tax	73	60	50	33	40
Other Taxation	113	141	251	218	193
	38,530	41,269	43,077	45,881	48,783
Government of Canada					
Canada Health and Social Transfer	4,814	3,970	3,553	3,777	3,548
Increase in CHST Allocation	-	-	-	190	552
CHST Supplements	-	-	-	755	757
Social Housing	341	387	358	466	533
Student Assistance	9	18	64	170	171
Indian Welfare Services	128	87	155	85	114
Bilingualism Development	44	49	55	65	64
Employability Assistance for People with Disabilities	65	53	71	65	66
Canada-Ontario Infrastructure Works	142	116	71	19	-
Other	235	418	188	293	227
	5,778	5,098	4,515	5,885	6,032
Income from Government Enterprises					
Ontario Lottery and Gaming Corporation*	1,248	1,485	1,764	1,924	1,865
Liquor Control Board of Ontario	701	745	809	845	915
Ontario Power Generation Inc. and Hydro One Inc.	-	-	-	903	795
Other	10	61	(26)	36	23
	1,959	2,291	2,547	3,708	3,598
Other Revenue					
Vehicle and Driver Registration Fees	816	820	890	911	920
Other Fees and Licences	560	548	661	667	670
Liquor Licence Revenue	520	506	519	539	530
Royalties	264	286	289	345	240
Sales and Rentals	543	582	640	2,133	835
Fines and Penalties	157	174	50	41	35
Local Services Realignment - Reimbursement of Expenditure	-	519	2,109	1,678	1,572
Miscellaneous	323	425	489	1,143	838
	3,183	3,860	5,647	7,457	5,640
Total Revenue	49,450	52,518	55,786	62,931	64,053

* Effective April 1, 2000, the Ontario Lottery Corporation and Ontario Casino Corporation merged to form the Ontario Lottery and Gaming Corporation.

Operating Expenditure
(\$ Millions)

Table D3

Ministry	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Outlook 2000-01
Agriculture, Food and Rural Affairs	324	306	309	347	446
Farm Tax Rebate	150	158	-	-	-
Attorney General	638	681	751	844	883
Board of Internal Economy	124	113	117	154	121
Citizenship, Culture and Recreation	316	300	365	337	398
Community and Social Services*	8,053	8,067	7,659	7,512	7,504
Consumer and Commercial Relations	123	92	136	134	146
Correctional Services	537	531	540	563	591
Economic Development and Trade	192	140	89	94	99
Education	4,257	4,713	7,717	7,702	8,124
School Board Transition/Phase-in Funding	-	224	-	268	-
Teachers' Pension Plan (TPP)	933	1,443	67	(363)	(735)
Energy, Science and Technology	11	69	83	126	241
Environment	146	142	162	174	184
Executive Offices	13	14	17	19	22
Finance - Own Account*	452	691	998	548	787
Public Debt Interest					
Provincial	8,607	8,729	9,016	8,977	8,910
Electricity Sector	-	-	-	520	520
Community Reinvestment Fund	-	169	678	521	537
Health and Long-Term Care	17,760	18,284	18,868	20,378	22,504
Health Care Restructuring	970	532	50	-	-
Major One-Time Operating Costs	-	113	639	286	-
Intergovernmental Affairs	4	5	4	4	5
Labour	103	117	108	101	100
Management Board Secretariat	712	352	358	170	310
Public Service/OPSEU Pension Plan	94	(86)	(219)	(165)	(110)
Contingency Fund	-	-	-	-	1,000
OPS Employee Severance (Net)	438	(159)	-	88	-
Special Circumstances Fund	-	-	180	-	-
Municipal Affairs and Housing	2,456	2,395	1,611	1,665	1,645
Municipal Capital and Operating Restructuring Fund	150	23	-	-	-
Municipal Restructuring Fund	-	71	-	-	-
Native Affairs Secretariat	17	10	10	13	15
Natural Resources*	417	463	531	460	414
Northern Development and Mines	52	62	82	122	274
Office of Francophone Affairs	2	2	3	3	4
Solicitor General*	622	644	754	814	863
Tourism	53	54	69	70	76
Training, Colleges and Universities	3,568	2,988	3,215	3,284	3,387
Transportation*	899	702	607	587	537
Restructuring	550	50	(17)	-	-
TTC Five Year Capital Transfer/Ottawa-Carleton Regional Transit Commission Transit Bus Subsidy Agreement	-	829	44	-	-
Year-End Savings	-	-	-	-	(200)
Accounting Changes**					
Energy, Science and Technology – Independent					
Electricity Market Operator	-	-	-	303	283
Finance – Provision for Electricity Sector	-	-	-	383	275
Tourism – Metro Toronto Convention Centre	-	-	-	34	48
Total Operating Expenditure	53,743	54,033	55,601	57,077	60,208

* 1996-97 to 1998-99 restated to reflect reclassification of leases from capital to operating.

** Accounting changes introduced in the 1999-00 Public Accounts increased operating expenditure in-year by \$606 million.

Source: Ontario Ministry of Finance

Capital Expenditure
(\$ Millions)
Table D4

Ministry	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Outlook 2000-01
Agriculture, Food and Rural Affairs	-	1	1	1	80
Attorney General	20	47	73	62	64
Citizenship, Culture and Recreation	9	7	6	75	71
Community and Social Services*	28	31	27	20	20
Correctional Services	-	5	30	124	156
Economic Development and Trade	9	-	-	-	-
Education	146	267	229	52	5
Energy, Science and Technology	-	-	273	500	-
Environment	225	98	19	1	14
Water Protection Fund	-	-	15	160	51
Finance*	1	6	4	7	3
SuperBuild Millennium Partnerships	-	-	-	-	200
Health and Long-Term Care	175	106	187	338	291
Major One-Time Capital Costs	-	-	-	1,004	-
Management Board Secretariat	152	80	39	13	12
Municipal Affairs and Housing	313	152	62	(10)	2
Native Affairs Secretariat	13	11	10	5	10
Natural Resources*	33	151	73	96	75
Northern Development and Mines	168	173	177	212	273
Solicitor General*	6	7	-	-	8
Tourism	2	3	1	2	11
Training, Colleges and Universities	53	113	69	1,028	44
Transportation*	1,259	1,193	892	830	799
Year-End Savings	-	-	-	-	(120)
Accounting Changes**					
Energy, Science and Technology –	-	-	-	-	-
Independent Electricity Market Operator	-	-	-	156	140
Tourism – Metro Toronto Convention Centre	-	-	-	156	-
Total Capital Expenditure	2,612	2,451	2,187	4,832	2,209

* 1996-97 to 1998-99 restated to reflect reclassification of leases from capital to operating.

** Accounting changes introduced in the 1999-00 Public Accounts increased capital expenditure in-year by \$140 million.

Source: Ontario Ministry of Finance.

Ten-Year Review of Selected Financial and Economic Statistics
(\$ Millions)

	Modified Cash Basis	PSAB Basis	
	1991-92	1992-93	1993-94
Financial Transactions			
Revenue	40,753	41,807	43,674
Expenditure			
Programs**	43,613	45,350	44,195
Restructuring and Other Charges	-	-	-
Total Program Expenditure	43,613	45,350	44,195
Capital**	3,874	3,592	3,552
Public Debt Interest			
Provincial	4,196	5,293	7,129
Electricity Sector	-	-	-
Total Expenditure	51,683	54,235	54,876
Reserve	-	-	-
Net Impact of Electricity Restructuring to be Recovered from Ratepayers***	-	-	-
Surplus / (Deficit)	(10,930)	(12,428)	(11,202)
Net Provincial Debt †	49,368	61,796	80,599
Gross Domestic Product (GDP) at Market Prices	281,570	285,101	291,733
Personal Income	247,677	253,773	256,082
Population - July (000s)	10,428	10,570	10,690
Net Provincial Debt per Capita (dollars)	4,734	5,846	7,540
Personal Income per Capita (dollars)	23,751	24,009	23,955
Total Expenditure as a per cent of GDP	18.4	19.0	18.8
Public Debt Interest as a per cent of Revenue††	10.3	12.7	16.3
Net Provincial Debt as a per cent of GDP	17.5	21.7	27.6

* Second-quarter results as at September 30.

** 1996-97 to 1998-99 restated to reflect reclassification of leases from capital to operating. Program expenditure totals for 1999-00 and 2000-01 reflect the impact of accounting changes introduced in the 1999-00 Public Accounts.

*** Reflects the estimated excess of expenditure over revenue of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

† Net Provincial Debt represents total Liabilities less Financial Assets.

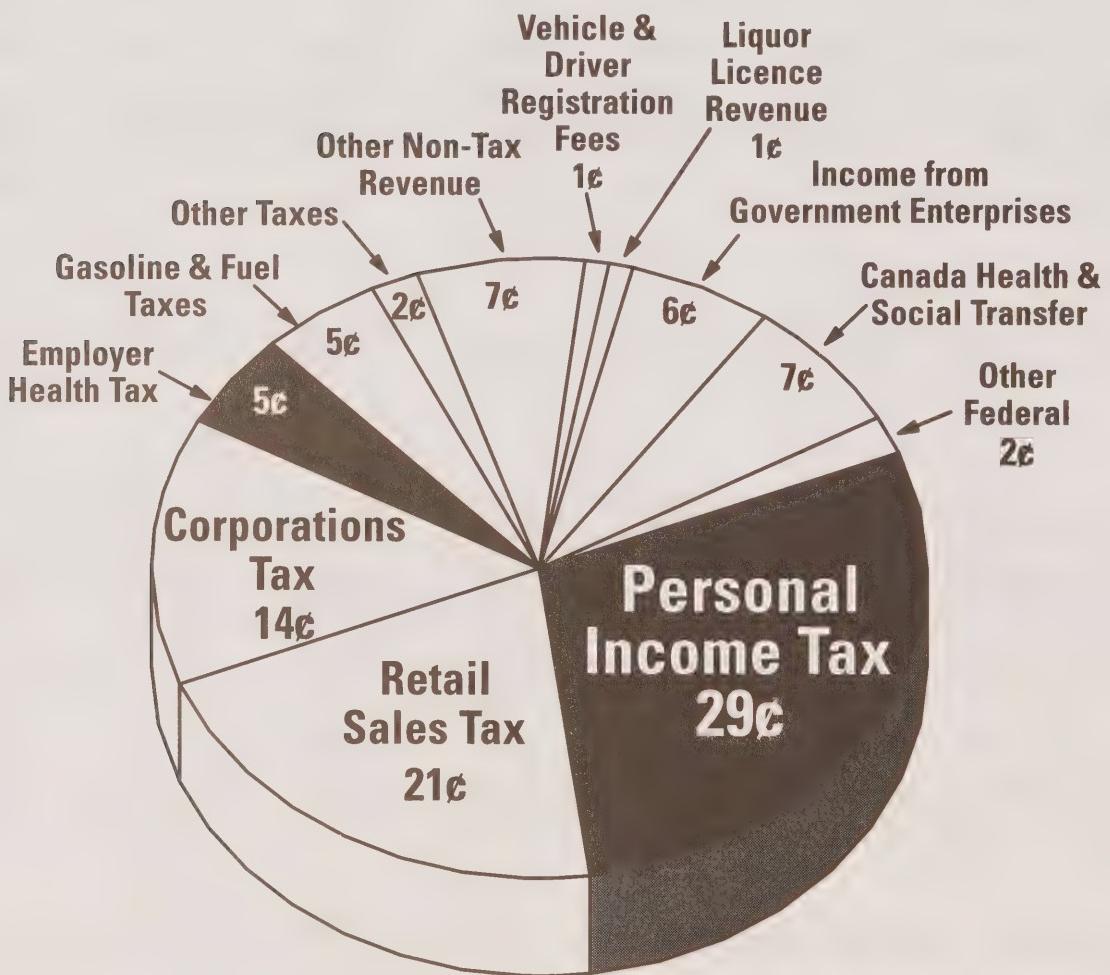
†† Starting in 1999-00, Public Debt Interest includes \$520 million related to the Province's equity investment in the electricity sector.

Sources: Ontario Ministry of Finance and Statistics Canada.

Table D5

PSAB Basis						
1994-95	1995-96	1996-97	1997-98	1998-99	Actual 1999-00	Outlook* 2000-01
46,039	49,473	49,450	52,518	55,786	62,931	64,053
44,505	45,309	42,956	43,709	46,509	47,369	50,778
-	854	2,180	1,595	76	211	-
44,505	46,163	45,136	45,304	46,585	47,580	50,778
3,831	3,635	2,612	2,451	2,187	4,832	2,209
7,832	8,475	8,607	8,729	9,016	8,977	8,910
-	-	-	-	-	520	520
56,168	58,273	56,355	56,484	57,788	61,909	62,417
-	-	-	-	-	-	-
(10,129)	(8,800)	(6,905)	(3,966)	(2,002)	668	1,366
90,728	101,864	108,769	112,735	114,737	113,715	112,079
309,031	327,246	335,843	357,300	372,630	396,775	426,755
260,617	271,361	276,290	289,312	303,737	317,766	336,954
10,828	10,965	11,101	11,249	11,386	11,517	11,669
8,379	9,290	9,798	10,022	10,077	9,874	9,605
24,069	24,748	24,889	25,719	26,676	27,591	28,876
18.2	17.8	16.8	15.8	15.5	15.6	14.6
17.0	17.1	17.4	16.6	16.2	15.1	14.7
29.4	31.1	32.4	31.6	30.8	28.7	26.3

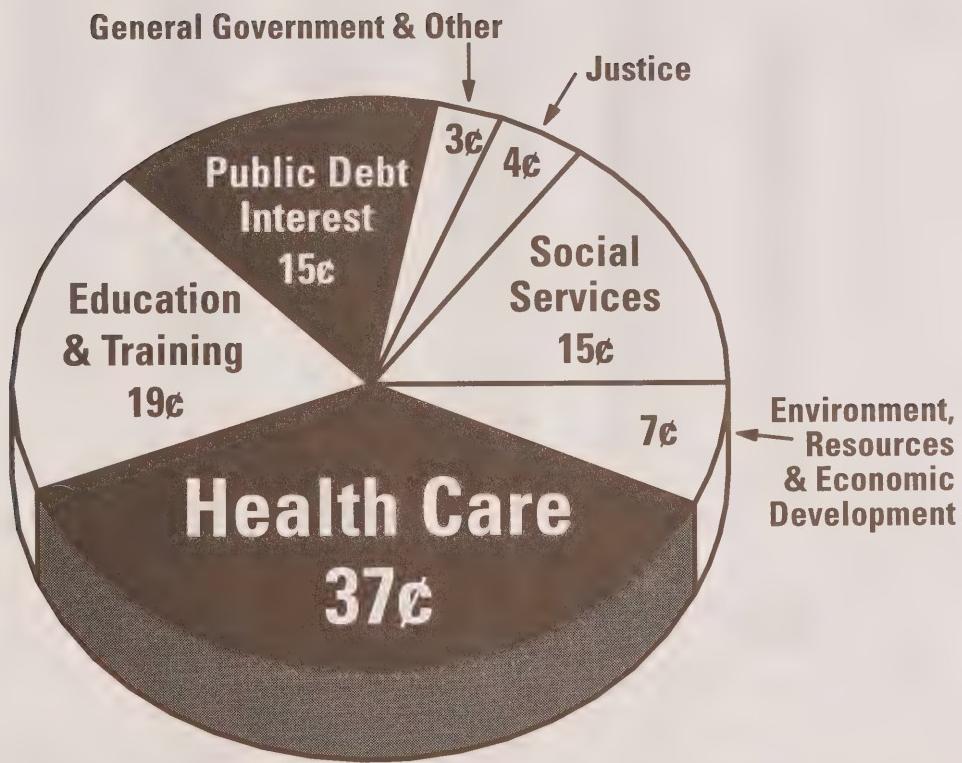
The Budget Dollar: Revenue 2000-01*



* As at September 30.

Source: Ontario Ministry of Finance.

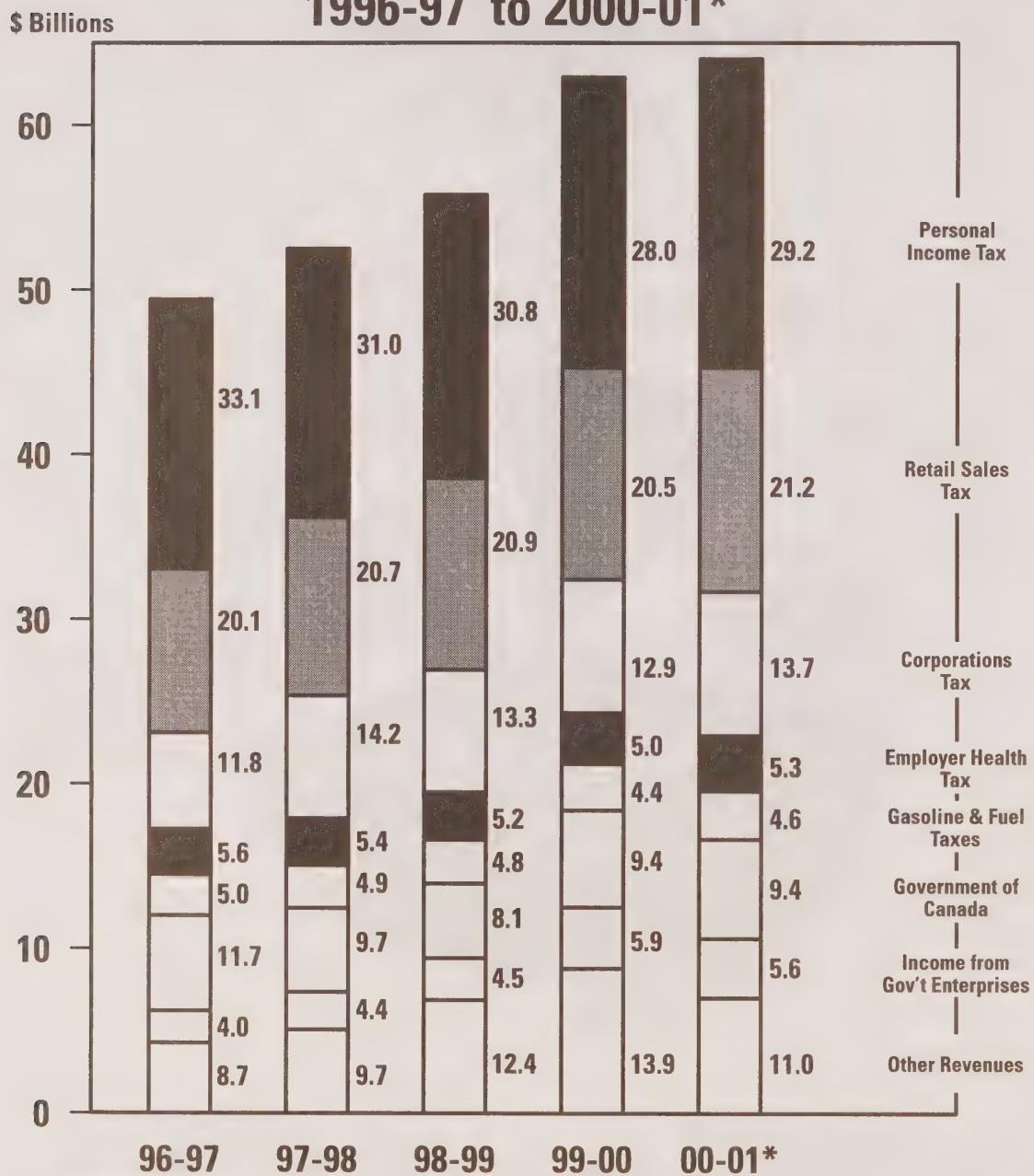
The Budget Dollar: Total Expenditure 2000-01*



* As at September 30.

Source: Ontario Ministry of Finance.

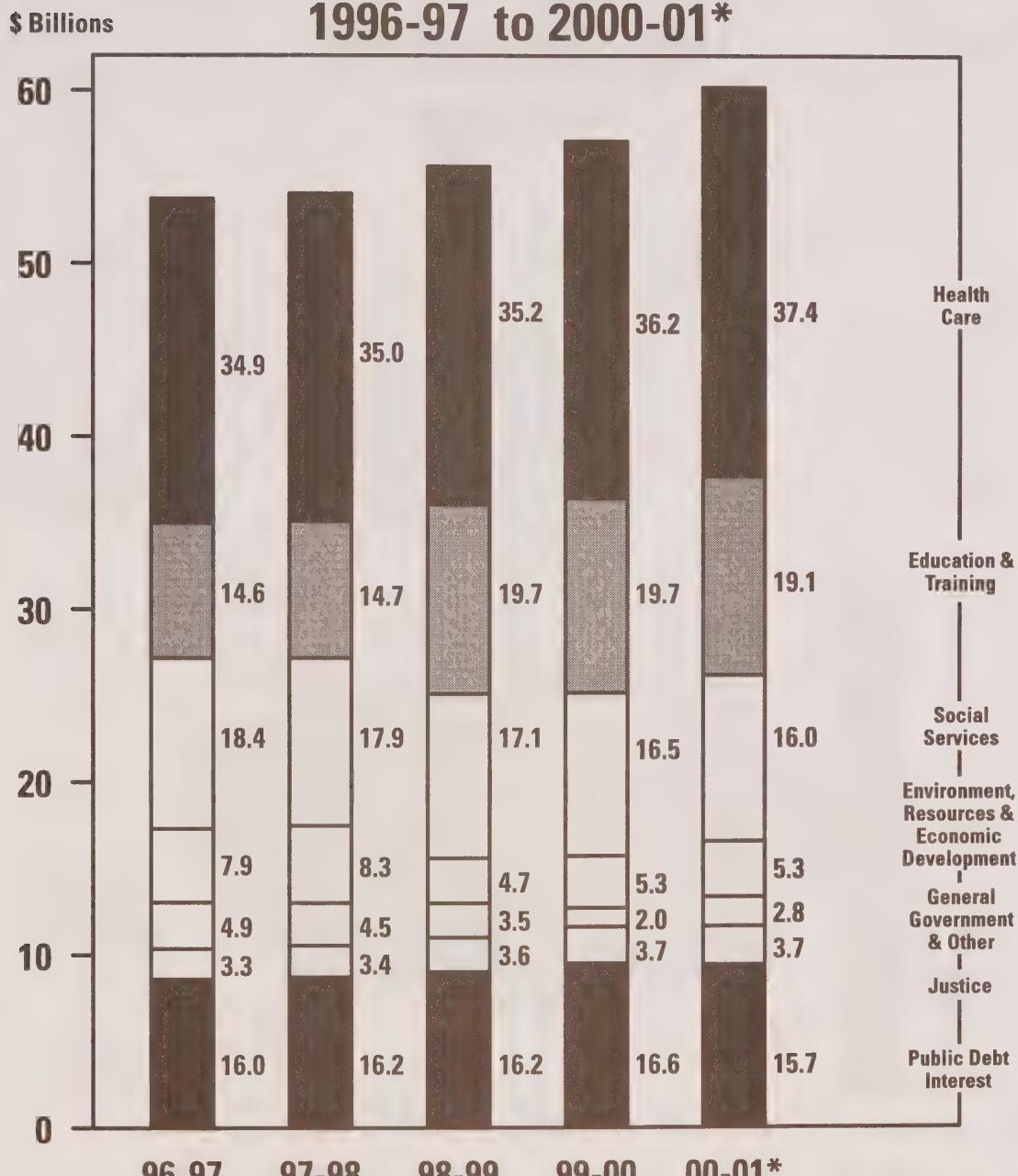
Revenue Sources by Category Per Cent of Total 1996-97 to 2000-01*



* As at September 30.

Source: Ontario Ministry of Finance.

Operating Expenditure by Category Per Cent of Total 1996-97 to 2000-01*



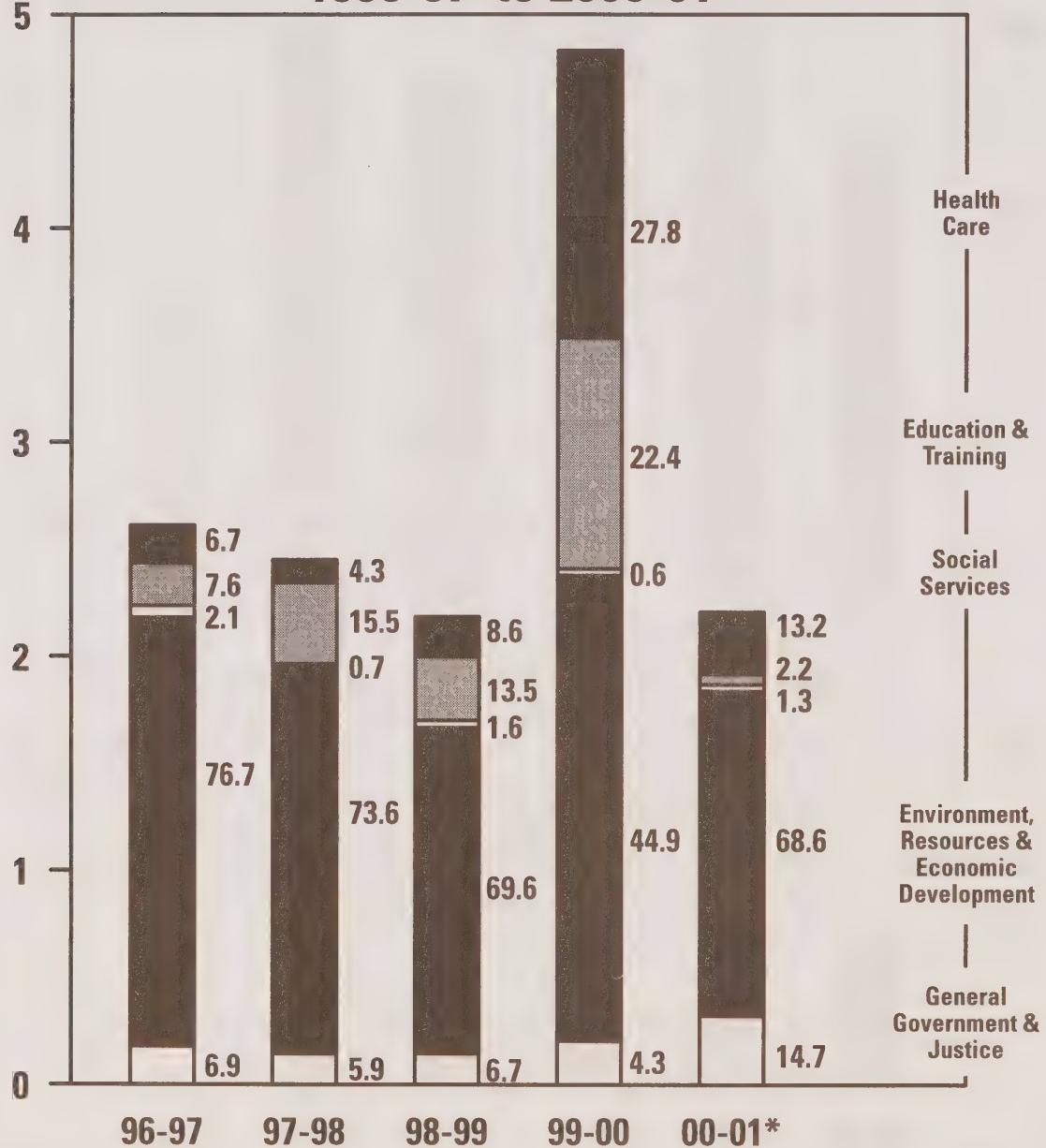
* As at September 30.

Source: Ontario Ministry of Finance.

Capital Expenditure by Category Per Cent of Total

\$ Billions

1996-97 to 2000-01*

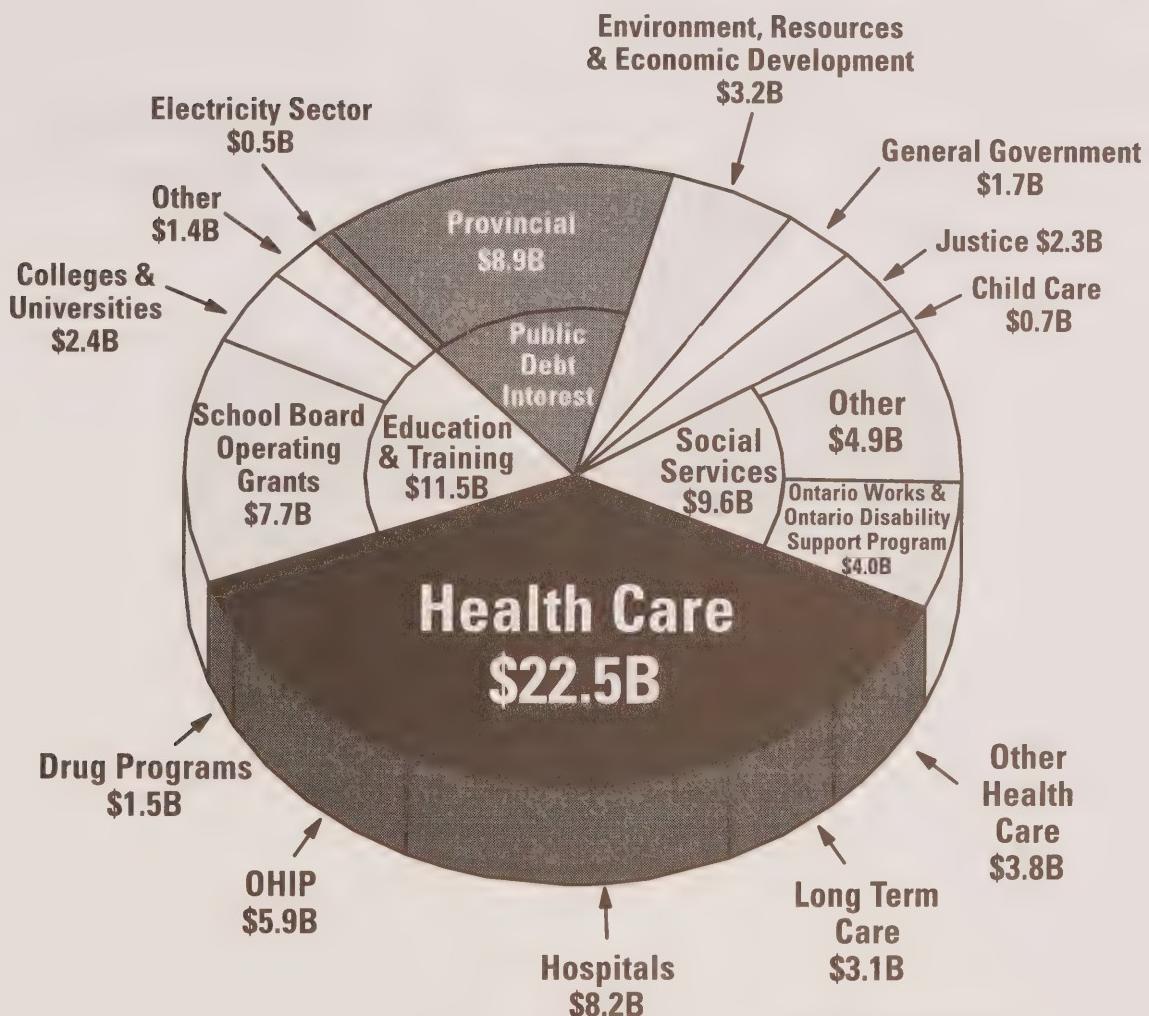


* As at September 30.

Source: Ontario Ministry of Finance.

2000-01 Operating Expenditure by Category*

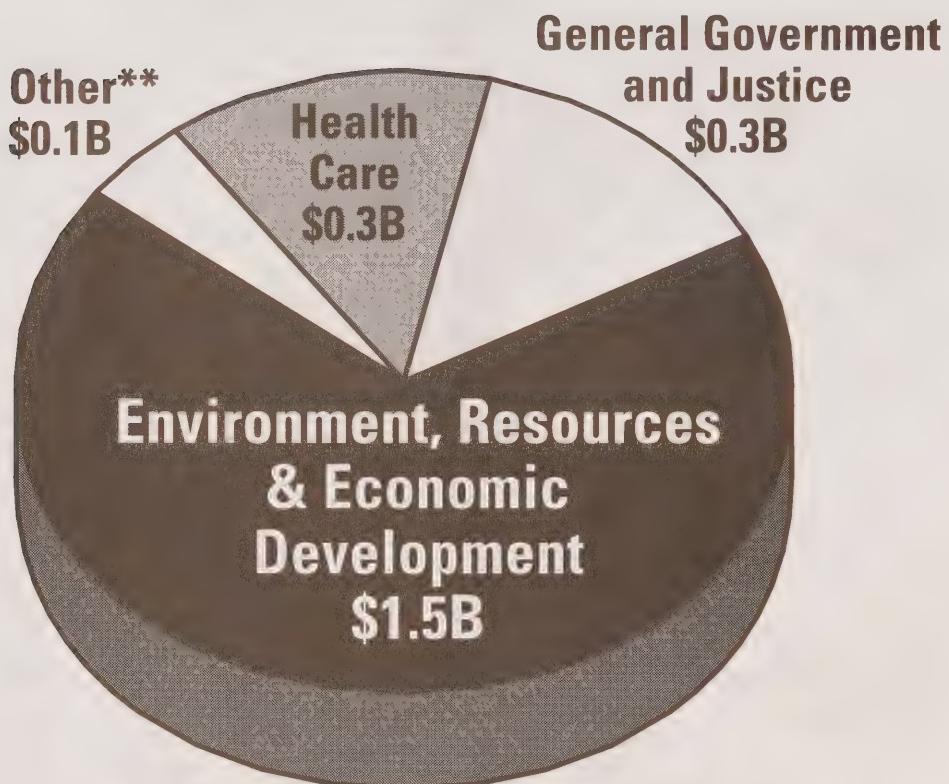
(\$ Billions)



* As at September 30.

Source: Ontario Ministry of Finance.

2000-01 Capital Expenditure by Category* (\$ Billions)



* As at September 30.

** Includes Schools and Post-Secondary Education, and Social Services

Source: Ontario Ministry of Finance.

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Ontario Economic Regions

(Note: Data in the tables may not add to totals due to rounding.)

Table 1**Outlook for the Ontario Economy**

(Annual average per cent change)

	Actual			Private-Sector Range
	1998	1999	2000e	2001p
Gross Domestic Product				
Real	4.1	6.1	5.5	3.3 - 3.8
Nominal	4.3	6.5	7.6	4.7 - 5.2
Other Economic Indicators				
Retail Sales	6.9	7.3	7.4	4.1 - 6.0
Housing Starts - Units (000s)	53.8	67.2	73.0	68.0 - 77.0
Personal Income	5.0	4.6	6.0	3.9*
Pre-Tax Corporate Profits	1.4	20.3	17.5	7.8*
Consumer Price Index (1992=100)	0.9	1.9	2.9	1.9 - 2.9
Labour Market				
Employment	3.3	3.6	3.3	1.1 - 2.5
Unemployment Rate (%)	7.2	6.3	5.7	5.3 - 6.2

* Conference Board of Canada Projection.

e = Ontario Ministry of Finance estimate. p = private-sector projection.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Ontario Ministry of Finance and Ministry of Finance Survey of Private-Sector Forecasts (November 2000).

Table 2**Ontario, Gross Domestic Product, 1986-1999**

	(Billions of dollars)						
	1986	1987	1988	1989	1990	1991	1992
Real Gross Domestic Product (\$1992)	261.5	273.7	288.3	297.9	293.8	282.9	285.1
Consumption	140.0	147.4	155.2	161.2	162.0	159.1	161.6
Government	54.8	57.0	60.3	63.0	66.4	69.6	69.9
Residential Construction	16.8	19.5	20.2	22.0	17.8	15.1	15.9
Non-Residential Construction	9.7	10.7	11.7	12.4	11.4	11.1	9.7
Machinery and Equipment	12.1	13.6	15.9	16.3	15.7	15.2	16.2
Exports	124.3	127.6	137.9	143.1	143.6	140.1	145.9
Imports	99.9	105.6	119.5	125.3	123.2	123.0	130.4
Nominal Gross Domestic Product	207.7	230.0	255.3	277.6	281.5	281.6	285.1

Table 2 (continued)

	(Billions of dollars)						
	1993	1994	1995	1996	1997	1998	1999
Real Gross Domestic Product (\$1992)	288.2	305.2	316.6	320.0	335.5	349.4	370.7
Consumption	163.9	168.9	172.4	176.1	184.4	190.9	198.9
Government	69.4	70.1	70.7	68.2	66.8	68.0	69.7
Residential Construction	14.5	14.8	12.7	13.9	16.6	16.3	18.7
Non-Residential Construction	7.8	6.8	6.6	8.0	8.6	8.9	8.9
Machinery and Equipment	15.1	17.4	19.6	21.7	25.4	27.8	31.7
Exports	158.1	174.9	189.4	199.7	213.8	230.8	256.9
Imports	138.2	147.5	157.6	165.8	184.0	194.7	216.1
Nominal Gross Domestic Product	291.7	309.0	327.2	335.8	357.3	372.6	396.8

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 3 Ontario, Growth in Gross Domestic Product, 1986-1999

	(Per cent change)						
	1986	1987	1988	1989	1990	1991	1992
Real Gross Domestic Product (\$1992)	3.6	4.7	5.3	3.3	-1.4	-3.7	0.8
Consumption	5.4	5.2	5.3	3.9	0.5	-1.8	1.6
Government	1.7	4.1	5.7	4.5	5.4	4.7	0.5
Residential Construction	13.8	15.9	3.5	8.9	-18.9	-15.1	5.0
Non-Residential Construction	17.6	10.2	10.0	6.1	-8.0	-3.4	-12.2
Machinery and Equipment	26.5	12.4	17.2	2.5	-3.9	-3.0	6.5
Exports	4.3	2.6	8.1	3.8	0.3	-2.5	4.2
Imports	7.3	5.7	13.1	4.9	-1.7	-0.1	6.0
Nominal Gross Domestic Product	10.2	10.7	11.0	8.7	1.4	0.0	1.3

	(Per cent change)						
	1993	1994	1995	1996	1997	1998	1999
Real Gross Domestic Product (\$1992)	1.1	5.9	3.7	1.1	4.9	4.1	6.1
Consumption	1.4	3.0	2.1	2.2	4.7	3.5	4.2
Government	-0.7	1.0	0.8	-3.5	-2.0	1.8	2.5
Residential Construction	-8.8	2.3	-14.3	9.8	18.9	-1.9	14.7
Non-Residential Construction	-19.6	-12.6	-2.6	20.5	7.3	3.8	-0.3
Machinery and Equipment	-6.5	15.2	12.3	10.6	17.5	9.2	14.1
Exports	8.3	10.6	8.3	5.4	7.1	8.0	11.3
Imports	5.9	6.8	6.8	5.2	11.0	5.8	11.0
Nominal Gross Domestic Product	2.3	5.9	5.9	2.6	6.4	4.3	6.5

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 4**Ontario, Selected Economic Indicators, 1986-1999**

	1986	1987	1988	1989	1990	1991	1992
Retail Sales* (\$ billions)	58.6	64.7	69.8	72.6	72.6	67.3	68.9
Housing Starts - Units (000s)	81.5	105.2	99.9	93.3	62.6	52.8	55.8
Personal Income (\$ billions)	171.2	187.6	208.7	229.0	241.7	247.7	253.8
Pre-Tax Corporate Profits (\$ billions)	20.7	25.3	28.9	27.0	19.3	14.2	14.2
Consumer Price Index (1992 = 100)	77.5	81.4	85.3	90.2	94.6	99.0	100.0
Labour Force (000s)	5,079	5,209	5,354	5,470	5,533	5,544	5,542
Employment (000s)	4,722	4,893	5,083	5,193	5,191	5,016	4,949
Unemployment Rate (%)	7.0	6.1	5.1	5.1	6.2	9.5	10.7

Table 4 (continued)**1993****1994****1995****1996****1997****1998****1999**

Retail Sales* (\$ billions)	71.7	76.9	79.6	80.2	86.4	92.4	99.1
Housing Starts - Units (000s)	45.1	46.6	35.8	43.1	54.1	53.8	67.2
Personal Income (\$ billions)	256.1	260.6	271.4	276.3	289.3	303.7	317.8
Pre-Tax Corporate Profits (\$ billions)	17.4	27.2	32.6	33.5	37.0	37.5	45.1
Consumer Price Index (1992 = 100)	101.8	101.8	104.3	105.9	107.9	108.9	111.0
Labour Force (000s)	5,581	5,574	5,620	5,695	5,801	5,914	6,071
Employment (000s)	4,974	5,039	5,131	5,181	5,313	5,490	5,688
Unemployment Rate (%)	10.9	9.6	8.7	9.0	8.4	7.2	6.3

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

Table 5**Ontario, Economic Indicators, Annual Change, 1986-1999**

(Per cent change)

	1986	1987	1988	1989	1990	1991	1992
Retail Sales*	9.0	10.5	7.8	4.0	0.0	-7.2	2.3
Housing Starts	25.6	29.1	-5.0	-6.6	-32.9	-15.7	5.6
Personal Income	8.4	9.6	11.3	9.7	5.5	2.5	2.5
Pre-Tax Corporate Profits	7.4	22.0	14.5	-6.8	-28.4	-26.4	-0.3
Consumer Price Index	4.4	5.0	4.8	5.7	4.9	4.7	1.0
Labour Force	2.5	2.6	2.8	2.2	1.2	0.2	0.0
Employment	3.7	3.6	3.9	2.2	0.0	-3.4	-1.3

Table 5 (continued)

(Per cent change)

	1993	1994	1995	1996	1997	1998	1999
Retail Sales*	4.1	7.2	3.6	0.7	7.8	6.9	7.3
Housing Starts	-19.1	3.3	-23.2	20.2	25.6	-0.4	24.9
Personal Income	0.9	1.8	4.1	1.8	4.7	5.0	4.6
Pre-Tax Corporate Profits	22.5	56.8	19.7	3.0	10.2	1.4	20.3
Consumer Price Index	1.8	0.0	2.5	1.5	1.9	0.9	1.9
Labour Force	0.7	-0.1	0.8	1.3	1.9	1.9	2.6
Employment	0.5	1.3	1.8	1.0	2.6	3.3	3.6

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

Table 6**Ontario, Real Gross Domestic Product by Industry¹, 1993-1999**

	(Millions of dollars)			
	1993	1994	1995	1996
Goods Producing Industries	79,588	84,600	89,181	90,428
Primary Industries	5,929	5,860	6,009	6,154
Agriculture	2,777	2,996	3,142	3,185
Manufacturing²	53,359	58,056	62,472	63,055
Construction	11,520	11,671	11,155	12,026
Utilities	8,781	9,012	9,546	9,194
Services Producing Industries	168,227	174,578	180,304	182,316
Transportation, Storage and Communication	15,838	16,852	17,852	18,232
Transportation & Storage	8,265	8,922	9,278	9,544
Communication	7,573	7,930	8,575	8,688
Trade	27,205	28,653	30,213	30,984
Wholesale	13,088	13,861	14,962	15,698
Retail	14,116	14,793	15,251	15,286
Finance, Insurance and Real Estate	43,479	45,429	46,669	48,321
Community, Business and Personal Services	64,610	66,193	68,038	67,815
Education	16,449	16,413	16,544	16,225
Health & Social Services	18,566	18,743	18,829	18,064
Business Services	13,139	14,140	15,265	16,153
Accommodation, Food & Beverage Services	5,883	6,055	6,268	6,272
Amusement & Recreation	2,465	2,590	2,675	2,697
Personal & Household Services	2,116	2,192	2,347	2,280
Other Services	5,992	6,060	6,111	6,125
Government Services	17,096	17,450	17,531	16,963
Federal	8,024	8,346	8,343	8,069
Provincial	4,229	4,179	4,170	3,882
Local	4,842	4,925	5,018	5,013
Total Production (\$1992) at Factor Cost	247,816	259,178	269,485	272,744
Indirect Taxes Less Subsidies plus Miscellaneous Adjustments	40,348	46,045	47,096	47,238
Gross Domestic Product (\$1992) at Market Prices	288,164	305,223	316,581	319,982

Table 6 (continued)	Ontario, Real Gross Domestic Product by Industry ¹ , 1993-1999		
	(Millions of dollars)		
	1997	1998	1999
Goods Producing Industries	94,006	97,225	103,758
Primary Industries	5,963	6,047	6,047
Agriculture	3,077	3,278	3,446
Manufacturing²	66,159	69,698	74,672
Construction	12,788	12,649	13,833
Utilities	9,095	8,831	9,206
Services Producing Industries	190,721	199,396	209,752
Transportation, Storage and Communication	19,048	20,257	22,105
Transportation & Storage	9,835	10,364	10,952
Communication	9,213	9,893	11,153
Trade	33,807	36,704	40,840
Wholesale	17,447	19,156	21,984
Retail	16,360	17,548	18,856
Finance, Insurance and Real Estate	51,104	52,746	54,253
Community, Business and Personal Services	69,866	72,766	75,483
Education	15,829	16,074	16,064
Health & Social Services	18,310	18,381	18,193
Business Services	18,055	19,865	22,217
Accommodation, Food & Beverage Services	6,514	7,077	7,460
Amusement & Recreation	2,775	2,810	2,855
Personal & Household Services	2,299	2,347	2,390
Other Services	6,084	6,211	6,303
Government Services	16,896	16,923	17,072
Federal	7,904	8,031	8,207
Provincial	3,850	3,815	3,774
Local	5,142	5,077	5,090
Total Production (\$1992) at Factor Cost	284,727	296,621	313,510
Indirect Taxes Less Subsidies plus Miscellaneous Adjustments	50,781	52,743	57,212
Gross Domestic Product (\$1992) at Market Prices	335,508	349,364	370,772

Notes:

1. Gross Domestic Product on an industry basis is at factor cost, whereas GDP on an expenditure basis is at market prices.
2. See Table 8 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 7**Ontario, Growth in Real Gross Domestic Product by Industry¹, 1993-1999**

	(Per cent change)			
	1993	1994	1995	1996
Goods Producing Industries	1.5	6.3	5.4	1.4
Primary Industries	1.8	-1.2	2.5	2.4
Agriculture	4.9	7.9	4.9	1.4
Manufacturing²	5.1	8.8	7.6	0.9
Construction	-13.5	1.3	-4.4	7.8
Utilities	3.5	2.6	5.9	-3.7
Services Producing Industries	1.0	3.8	3.3	1.1
Transportation, Storage and Communication	-1.4	6.4	5.9	2.1
Transportation & Storage	1.4	8.0	4.0	2.9
Communication	-4.3	4.7	8.1	1.3
Trade	2.1	5.3	5.4	2.6
Wholesale	-1.5	5.9	7.9	4.9
Retail	5.7	4.8	3.1	0.2
Finance, Insurance and Real Estate	1.3	4.5	2.7	3.5
Community, Business and Personal Services	1.0	2.5	2.8	-0.3
Education	-0.2	-0.2	0.8	-1.9
Health & Social Services	1.5	1.0	0.5	-4.1
Business Services	2.1	7.6	8.0	5.8
Accommodation, Food & Beverage Services	0.4	2.9	3.5	0.1
Amusement & Recreation	0.2	5.1	3.3	0.8
Personal & Household Services	-0.4	3.6	7.0	-2.9
Other Services	1.8	1.1	0.8	0.2
Government Services	0.6	2.1	0.5	-3.2
Federal	-0.1	4.0	0.0	-3.3
Provincial	0.1	-1.2	-0.2	-6.9
Local	2.2	1.7	1.9	-0.1
Total Production (\$1992) at Factor Cost	1.1	4.6	4.0	1.2
Gross Domestic Product (\$1992) at Market Prices	1.1	5.9	3.7	1.1

Table 7 (continued)**Ontario, Growth in Real Gross Domestic Product by Industry¹, 1993-1999**

	(Per cent change)		
	1997	1998	1999
Goods Producing Industries	4.0	3.4	6.7
Primary Industries	-3.1	1.4	0.0
Agriculture	-3.4	6.5	5.1
Manufacturing²	4.9	5.3	7.1
Construction	6.3	-1.1	9.4
Utilities	-1.1	-2.9	4.2
Services Producing Industries	4.6	4.5	5.2
Transportation, Storage and Communication	4.5	6.3	9.1
Transportation & Storage	3.0	5.4	5.7
Communication	6.0	7.4	12.7
Trade	9.1	8.6	11.3
Wholesale	11.1	9.8	14.8
Retail	7.0	7.3	7.5
Finance, Insurance and Real Estate	5.8	3.2	2.9
Community, Business and Personal Services	3.0	4.2	3.7
Education	-2.4	1.6	-0.1
Health & Social Services	1.4	0.4	-1.0
Business Services	11.8	10.0	11.8
Accommodation, Food & Beverage Services	3.9	8.6	5.4
Amusement & Recreation	2.9	1.3	1.6
Personal & Household Services	0.9	2.1	1.8
Other Services	-0.7	2.1	1.5
Government Services	-0.4	0.2	0.9
Federal	-2.0	1.6	2.2
Provincial	-0.8	-0.9	-1.1
Local	2.6	-1.3	0.3
Total Production (\$1992) at Factor Cost	4.4	4.2	5.7
Gross Domestic Product (\$1992) at Market Prices	4.9	4.1	6.1

Notes:

1. Gross Domestic Product on an industry basis is at factor cost, whereas GDP on an expenditure basis is at market prices.
2. See Table 9 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 8
**Ontario, Real Gross Domestic Product in
Selected Manufacturing Industries, 1993-1999**

	(Millions of dollars)						
	1993	1994	1995	1996	1997	1998	1999
Manufacturing	53,359	58,056	62,472	63,055	66,159	69,698	74,672
Food	6,113	6,341	6,628	6,615	6,185	6,451	6,450
Beverage	1,560	1,615	1,753	1,664	1,540	1,647	1,693
Rubber Products	939	1,105	1,100	1,248	1,269	1,318	1,408
Plastic Products	1,505	1,625	1,604	1,780	1,873	2,003	2,315
Leather & Allied Products	193	211	182	152	130	131	112
Primary Textile & Textile Products	878	998	1,140	1,088	1,140	1,187	1,216
Clothing	756	732	782	797	839	866	794
Wood	824	903	953	1,017	1,228	1,277	1,354
Furniture & Fixture	913	1,031	1,187	1,288	1,484	1,784	1,883
Paper & Allied Products	2,133	2,201	2,263	2,410	2,222	2,170	2,360
Printing & Publishing	3,355	3,454	3,480	3,534	3,606	3,621	3,403
Primary Metals	3,170	3,177	3,318	3,047	3,283	3,374	3,420
Fabricated Metal Products	3,776	4,389	4,913	5,046	5,291	5,608	5,840
Machinery	2,312	2,793	3,393	3,432	3,561	3,476	3,335
Transportation Equipment	11,752	13,233	14,440	14,661	16,527	17,328	19,998
Electrical & Electronic	4,610	5,229	5,759	5,353	6,165	6,976	8,275
Non-metallic Mineral Products	1,220	1,268	1,299	1,392	1,531	1,689	1,837
Refined Petroleum & Coal Products	414	427	414	424	422	416	465
Chemical & Chemical Products	4,806	4,905	5,203	5,339	5,226	5,668	5,724
Other Manufacturing	2,131	2,419	2,660	2,768	2,638	2,710	2,791

Note: Gross Domestic Product on an industry basis is at factor cost, whereas GDP on an expenditure basis is at market prices.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 9**Ontario, Growth in Real Gross Domestic Product in
Selected Manufacturing Industries, 1993-1999**

	(Per cent change)						
	1993	1994	1995	1996	1997	1998	1999
Manufacturing	5.1	8.8	7.6	0.9	4.9	5.3	7.1
Food	-2.1	3.7	4.5	-0.2	-6.5	4.3	0.0
Beverage	6.0	3.5	8.6	-5.1	-7.5	7.0	2.8
Rubber Products	14.0	17.7	-0.5	13.4	1.7	3.9	6.8
Plastic Products	3.6	8.0	-1.3	11.0	5.2	6.9	15.6
Leather & Allied Products	5.5	9.3	-13.7	-16.3	-14.3	0.4	-14.3
Primary Textile & Textile Products	3.1	13.6	14.3	-4.6	4.8	4.1	2.4
Clothing	-2.6	-3.2	6.9	1.9	5.3	3.2	-8.3
Wood	7.5	9.6	5.5	6.7	20.7	4.0	6.0
Furniture & Fixture	10.1	12.9	15.1	8.6	15.3	20.2	5.6
Paper & Allied Products	-0.7	3.2	2.8	6.5	-7.8	-2.4	8.8
Printing & Publishing	-9.4	3.0	0.8	1.5	2.0	0.4	-6.0
Primary Metals	9.6	0.2	4.4	-8.2	7.7	2.8	1.4
Fabricated Metal Products	6.8	16.2	11.9	2.7	4.9	6.0	4.1
Machinery	16.1	20.8	21.5	1.1	3.7	-2.4	-4.1
Transportation Equipment	15.5	12.6	9.1	1.5	12.7	4.8	15.4
Electrical & Electronic	1.3	13.4	10.2	-7.1	15.2	13.1	18.6
Non-metallic Mineral Products	0.8	4.0	2.4	7.2	10.0	10.4	8.8
Refined Petroleum & Coal Products	3.4	3.2	-3.1	2.4	-0.5	-1.3	11.7
Chemical & Chemical Products	6.1	2.1	6.1	2.6	-2.1	8.5	1.0
Other Manufacturing	-5.6	13.5	10.0	4.0	-4.7	2.7	3.0

Note: Gross Domestic Product on an industry basis is at factor cost, whereas GDP on an expenditure basis is at market prices.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 10**Ontario, Housing Market Indicators, 1993-1999**

	1993	1994	1995	1996	1997	1998	1999
Residential Construction							
Current \$ millions*	14,622	15,353	13,279	14,549	17,716	17,786	20,908
	-8.0	5.0	-13.5	9.6	21.8	0.4	17.6
New Construction*	6,602	7,423	5,933	6,489	8,571	8,724	10,991
	-14.8	12.4	-20.1	9.4	32.1	1.8	26.0
Alterations and Improvements*	5,335	5,081	5,015	5,383	5,764	5,964	6,497
	6.4	-4.8	-1.3	7.3	7.1	3.5	8.9
Transfer Costs*	2,685	2,849	2,331	2,677	3,381	3,098	3,420
	-13.9	6.1	-18.2	14.8	26.3	-8.4	10.4
Housing Starts (000's)*	45.1	46.6	35.8	43.1	54.1	53.8	67.2
	-19.1	3.3	-23.2	20.2	25.6	-0.4	24.9
Home Resales (000's)*	106.8	115.2	105.0	137.9	140.6	138.5	148.7
	-6.6	7.8	-8.8	31.4	1.9	-1.5	7.4
Average Resale Home Price (\$)*	156,555	160,158	154,606	155,662	164,382	167,115	174,048
	-3.1	2.3	-3.5	0.7	5.6	1.7	4.1

* Per cent change is shown on second line.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association and Ontario Ministry of Finance.

Table 11**Selected Financial Indicators, 1986-1999**

	(Per cent)						
	1986	1987	1988	1989	1990	1991	1992
Interest Rates							
Bank Rate	9.2	8.4	9.7	12.3	13.0	9.0	6.8
Prime Rate	10.5	9.5	10.8	13.3	14.1	9.9	7.5
10-Year Government Bonds	9.1	9.5	9.8	9.8	10.8	9.4	8.1
Three-Month T-Bills	9.0	8.1	9.5	12.1	12.8	8.7	6.6
Mortgage Rates							
5-Year Rate	11.2	11.1	11.6	12.1	13.2	11.2	9.5
1-Year Rate	10.2	9.9	10.8	12.9	13.4	10.1	7.9
Household Debt Burden*							
Consumer	18.3	19.2	20.2	20.7	21.5	21.4	21.1
Mortgage	38.9	42.7	46.0	48.5	52.4	54.8	58.3
Total	57.2	62.0	66.2	69.2	73.9	76.2	79.4

Table 11 (continued)

	(Per cent)						
	1993	1994	1995	1996	1997	1998	1999
Interest Rates							
Bank Rate	5.1	5.8	7.3	4.5	3.5	5.1	4.9
Prime Rate	5.9	6.9	8.6	6.1	5.0	6.6	6.4
10-Year Government Bonds	7.2	8.4	8.1	7.2	6.1	5.3	5.6
Three-Month T-Bills	4.8	5.5	7.1	4.2	3.2	4.7	4.7
Mortgage Rates							
5-Year Rate	8.7	9.3	9.2	7.9	7.1	6.9	7.6
1-Year Rate	6.9	7.8	8.4	6.2	5.5	6.5	6.8
Household Debt Burden*							
Consumer	21.1	22.4	23.2	24.4	25.9	27.5	28.3
Mortgage	61.4	64.6	64.7	66.3	67.8	68.4	68.9
Total	82.4	87.0	87.9	90.7	93.8	95.9	97.2

* Canadian household debt as a share of personal disposable income.

Note: All data are annual averages.

Sources: Statistics Canada and Bank of Canada.

Table 12**Ontario and the G-7, Real Gross Domestic Product Growth, 1986-1999**

	(Per cent)						
	1986	1987	1988	1989	1990	1991	1992
Ontario	3.6	4.7	5.3	3.3	-1.4	-3.7	0.8
Canada	2.6	4.1	4.9	2.5	0.3	-1.9	0.9
France	2.3	2.5	4.2	4.3	2.5	1.1	1.3
Germany	2.3	1.5	3.7	3.6	5.7	5.0	2.2
Italy	2.5	3.0	3.9	2.9	2.0	1.4	0.8
Japan	2.9	4.2	6.2	4.8	5.1	3.8	1.0
United Kingdom	4.2	4.4	5.2	2.1	0.6	-1.5	0.1
United States	3.4	3.4	4.2	3.5	1.8	-0.5	3.0

Table 12 (continued)

	(Per cent)						
	1993	1994	1995	1996	1997	1998	1999
Ontario	1.1	5.9	3.7	1.1	4.9	4.1	6.1
Canada	2.3	4.7	2.8	1.5	4.4	3.3	4.5
France	-0.9	1.8	1.9	1.1	1.9	3.2	2.9
Germany	-1.1	2.3	1.7	0.8	1.5	2.2	1.5
Italy	-0.9	2.2	2.9	1.1	1.8	1.5	1.4
Japan	0.3	0.6	1.5	5.1	1.6	-2.5	0.3
United Kingdom	2.3	4.4	2.8	2.6	3.5	2.2	2.1
United States	2.7	4.0	2.7	3.6	4.4	4.4	4.2

Sources: OECD, U.S. Department of Commerce and Statistics Canada.

Table 13**Ontario and the G-7, Employment Growth, 1986-1999**

	(Per cent)						
	1986	1987	1988	1989	1990	1991	1992
Ontario	3.7	3.6	3.9	2.2	0.0	-3.4	-1.3
Canada	3.1	2.9	3.2	2.2	0.8	-1.8	-0.7
France	0.5	0.4	1.0	1.5	0.8	0.0	-0.6
Germany	1.4	0.7	0.8	1.5	3.0	2.5	-1.6
Italy	0.4	-0.3	0.5	-0.1	1.2	0.7	-1.0
Japan	0.8	1.0	1.7	2.0	2.0	1.9	1.1
United Kingdom	0.1	2.6	4.3	2.4	0.3	-3.0	-2.1
United States	2.3	2.6	2.2	2.1	1.2	-0.9	0.7

Table 13 (continued)**(Per cent)**

	1993	1994	1995	1996	1997	1998	1999
Ontario	0.5	1.3	1.8	1.0	2.6	3.3	3.6
Canada	0.8	2.0	1.9	0.8	2.3	2.7	2.8
France	-1.2	0.1	0.8	0.1	0.5	1.1	2.0
Germany	-1.5	-0.3	-0.1	-0.8	-0.8	0.4	0.3
Italy	-3.1	-1.6	-0.6	0.5	0.4	1.1	1.2
Japan	0.2	0.1	0.1	0.4	1.1	-0.7	-0.8
United Kingdom	-0.4	1.0	1.2	1.1	1.6	1.2	1.0
United States	1.5	2.3	1.5	1.4	2.2	1.5	1.5

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

Table 14**Ontario and the G-7, Unemployment Rates, 1986-1999**

	(Per cent)						
	1986	1987	1988	1989	1990	1991	1992
Ontario	7.0	6.1	5.1	5.1	6.2	9.5	10.7
Canada	9.6	8.8	7.8	7.5	8.1	10.3	11.2
France	10.4	10.5	10.0	9.3	8.9	9.4	10.4
Germany	7.7	7.6	7.6	6.9	6.2	5.5	6.6
Italy	9.9	10.2	10.5	10.2	9.1	8.6	8.8
Japan	2.8	2.8	2.5	2.3	2.1	2.1	2.2
United Kingdom	11.8	10.2	7.8	6.1	5.9	8.2	10.2
United States	7.0	6.2	5.5	5.3	5.6	6.8	7.5

Table 14 (continued)

	(Per cent)						
	1993	1994	1995	1996	1997	1998	1999
Ontario	10.9	9.6	8.7	9.0	8.4	7.2	6.3
Canada	11.4	10.4	9.4	9.6	9.1	8.3	7.6
France	11.7	12.2	11.6	12.3	12.4	11.8	11.1
Germany	7.8	8.3	8.1	8.8	9.8	9.3	9.0
Italy	10.2	11.2	11.7	11.7	11.8	11.9	11.5
Japan	2.5	2.9	3.1	3.4	3.4	4.1	4.7
United Kingdom	10.3	9.4	8.6	8.0	6.9	6.2	5.9
United States	6.9	6.1	5.6	5.4	4.9	4.5	4.2

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

Table 15**Ontario and the G-7, CPI Inflation Rates, 1986-1999**

(Per cent)

	1986	1987	1988	1989	1990	1991	1992
Ontario	4.4	5.0	4.8	5.7	4.9	4.7	1.0
Canada	4.1	4.4	4.0	5.0	4.8	5.6	1.5
France	2.5	3.3	2.7	3.5	3.6	3.2	2.4
Germany	-0.1	0.2	1.3	2.8	2.7	3.6	5.1
Italy	5.8	4.7	5.1	6.3	6.5	6.3	5.3
Japan	0.6	0.1	0.7	2.3	3.1	3.3	1.7
United Kingdom	3.4	4.1	4.9	7.8	9.5	5.9	3.7
United States	1.9	3.6	4.1	4.8	5.4	4.2	3.0

Table 15 (continued)

(Per cent)

	1993	1994	1995	1996	1997	1998	1999
Ontario	1.8	0.0	2.5	1.5	1.9	0.9	1.9
Canada	1.8	0.2	2.2	1.6	1.6	0.9	1.7
France	2.1	1.7	1.8	2.0	1.2	0.8	0.5
Germany	4.4	2.8	1.7	1.4	1.9	0.9	0.6
Italy	4.6	4.1	5.2	4.0	2.0	2.0	1.7
Japan	1.2	0.7	-0.1	0.1	1.7	0.6	-0.3
United Kingdom	1.6	2.5	3.4	2.4	3.1	3.4	1.6
United States	3.0	2.6	2.8	3.0	2.3	1.6	2.2

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

Table 16**G-7, Exchange Rates, 1986-1999**

	1986	1987	1988	1989	1990	1991	1992
Euro*	-	-	-	-	-	-	-
France	4.975	4.525	4.831	5.376	4.651	4.902	4.367
Germany	1.555	1.353	1.422	1.585	1.381	1.441	1.289
Italy	1,063.8	980.4	1,052.6	1,162.8	1,020.4	1,075.3	1,020.4
Japan	120.5	108.8	104.1	116.3	123.5	117.2	104.7
United Kingdom	0.491	0.460	0.456	0.515	0.480	0.493	0.469
United States	0.720	0.754	0.812	0.845	0.857	0.873	0.827

Table 16 (continued)

(Foreign Currency per Canadian Dollar)

	1993	1994	1995	1996	1997	1998	1999
Euro*	-	-	-	-	-	-	0.631
France	4.386	4.050	3.631	3.750	4.211	3.968	4.139
Germany	1.280	1.184	1.043	1.103	1.251	1.183	1.234
Italy	1,219.5	1,176.5	1,186.2	1,131.2	1,228.5	1,168.2	1,222.5
Japan	85.8	74.7	68.0	79.7	87.3	87.8	76.3
United Kingdom	0.516	0.478	0.461	0.470	0.441	0.407	0.416
United States	0.775	0.732	0.729	0.733	0.722	0.674	0.673

* Introduced January 4, 1999.

Note: All data are annual averages.

Source: Bank of Canada.

Table 17**Ontario, International Merchandise Exports by Major Commodity¹, 1999**

	Value (\$ millions)	Per cent of total
Motor Vehicles, Parts and Accessories	80,385	41.1
Machinery and Mechanical Appliances	23,752	12.1
Electrical Machinery and Equipment	9,685	5.0
Plastics and Plastic Articles	6,073	3.1
Non-Ferrous Metals and Allied Products	5,987	3.1
Pulp; Paper and Allied Products	5,850	3.0
Furniture and Fixtures, Signs, Prefabricated Buildings	4,828	2.5
Prepared Foodstuffs, Beverages and Tobacco	3,862	2.0
Articles of Iron and Steel	3,279	1.7
Precious Metals, Stones and Coins	3,247	1.7
Wood and Wood Products	3,087	1.6
Other Chemical Products	2,979	1.5
Scientific, Professional and Photo Equipment, Clocks	2,622	1.3
Iron and Steel	2,442	1.2
Mineral Products	2,257	1.2
Aircraft, Spacecraft and Parts	2,182	1.1
Rubber and Rubber Articles	1,925	1.0
Articles of Stone, Cement, Ceramic and Glass	1,624	0.8
Railway, Rolling Stock and Parts	1,605	0.8
Vegetable Products; Fats and Oils	1,400	0.7
Textiles and Textile Articles	1,373	0.7
Live Animals; Animal Products	1,268	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,207	0.6
Organic Chemicals	1,196	0.6
Pharmaceutical Products	881	0.5
Printed Matter	827	0.4
Apparel and Clothing Accessories	736	0.4
Toys, Games and Sports Equipment	577	0.3
Hides, Leather, Travel Goods and Furs	321	0.2
Miscellaneous Articles; Works of Art	241	0.1
Other Textile and Clothing Articles	165	0.1
Footwear	92	0.0
Ships, Boats and Floating Structures	52	0.0
Headgear, Umbrellas, Artificial Flowers	35	0.0
Other Commodities ²	17,480	8.9
Total Exports	195,523	100.0

Notes:

1. Ontario Ministry of Economic Development and Trade definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
2. Other Commodities includes re-exports and special transactions.

Sources: Statistics Canada and Ontario Ministry of Economic Development and Trade.

Table 18**Ontario, International Merchandise Imports by Major Commodity¹, 1999**

	Value (\$ millions)	Per cent of total
Motor Vehicles, Parts and Accessories	48,209	22.8
Machinery and Mechanical Appliances	44,408	21.0
Electrical Machinery and Equipment	27,089	12.8
Scientific, Professional and Photo Equipment, Clocks	8,110	3.8
Plastics and Plastic Articles	7,587	3.6
Non-Ferrous Metals and Allied Products	7,084	3.4
Other Chemical Products	7,060	3.3
Prepared Foodstuffs, Beverages and Tobacco	4,574	2.2
Articles of Iron and Steel	4,319	2.0
Pulp; Paper and Allied Products	4,040	1.9
Furniture and Fixtures, Signs, Prefabricated Buildings	3,794	1.8
Vegetable Products; Fats and Oils	3,531	1.7
Rubber and Rubber Articles	3,398	1.6
Iron and Steel	3,181	1.5
Pharmaceutical Products	3,167	1.5
Organic Chemicals	3,124	1.5
Articles of Stone, Cement, Ceramic and Glass	2,925	1.4
Textiles and Textile Articles	2,848	1.3
Mineral Products	2,415	1.1
Printed Matter	2,342	1.1
Apparel and Clothing Accessories	1,942	0.9
Toys, Games and Sports Equipment	1,802	0.9
Aircraft, Spacecraft and Parts	1,636	0.8
Precious Metals, Stones and Coins	1,598	0.8
Live Animals; Animal Products	1,443	0.7
Wood and Wood Products	1,255	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,035	0.5
Railway, Rolling Stock and Parts	841	0.4
Footwear	705	0.3
Hides, Leather, Travel Goods and Furs	637	0.3
Miscellaneous Articles; Works of Art	628	0.3
Other Textile and Clothing Articles	457	0.2
Ships, Boats and Floating Structures	202	0.1
Headgear, Umbrellas, Artificial Flowers	123	0.1
Other Commodities ²	3,899	1.8
Total Imports	211,412	100.0

Notes:

1. Ontario Ministry of Economic Development and Trade definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
2. Other Commodities includes trans-shipments from one province to another through a foreign jurisdiction and special transactions.

Sources: Statistics Canada and Ontario Ministry of Economic Development and Trade.

Table 19**Ontario, International Merchandise Trade by Major Region, 1999**

	Exports (\$ millions)	Per cent of total	Imports (\$ millions)	Per cent of total
United States	182,842	93.5	160,581	76.0
Western Europe	6,048	3.1	14,223	6.7
European Union	5,217	2.7	13,246	6.3
Other Western Europe	831	0.4	977	0.5
Eastern Europe	319	0.2	495	0.2
Asia	3,360	1.7	22,446	10.6
Pacific Rim	3,227	1.7	21,806	10.3
Other Asia	133	0.1	640	0.3
Caribbean	422	0.2	182	0.1
Latin America	1,667	0.9	9,875	4.7
Mexico	833	0.4	7,967	3.8
Middle East	487	0.2	491	0.2
Africa	324	0.2	502	0.2
Statistical Discrepancy	54	0.0	2,618	1.2
Total	195,523	100.0	211,412	100.0

Note: Data are customs based, and include re-exports.

Sources: Statistics Canada and Ontario Ministry of Economic Development and Trade.

Table 20**Canada, International Merchandise Trade by Major Region, 1999**

	Exports (\$ millions)	Per cent of total	Imports (\$ millions)	Per cent of total
United States	308,076	86.8	215,426	67.3
Western Europe	17,785	5.0	35,758	11.2
European Union	16,525	4.7	31,820	9.9
Other Western Europe	1,259	0.4	3,938	1.2
Eastern Europe	638	0.2	1,393	0.4
Asia	19,137	5.4	43,560	13.6
Pacific Rim	18,419	5.2	41,927	13.1
Other Asia	718	0.2	1,633	0.5
Caribbean	1,036	0.3	797	0.2
Latin America	4,695	1.3	14,068	4.4
Mexico	1,632	0.5	9,541	3.0
Middle East	1,770	0.5	1,465	0.5
Africa	1,583	0.4	2,037	0.6
Statistical Discrepancy	175	0.0	5,655	1.8
Total	354,894	100.0	320,159	100.0

Note: Data are customs based.

Sources: Statistics Canada and Ontario Ministry of Economic Development and Trade.

	Ontario, Selected Demographic Characteristics, 1976-2016 ¹					
	Estimates ²			Projections ³		
	1976	1986	1996	2006	2011	2016
Total Population (000s)	8,414	9,438	11,101	12,526	13,199	13,860
Annual Average Growth						
Over Preceding Decade (%)	1.7	1.2	1.6	1.2	1.1	1.0
Median Age (Years)	28.5	31.9	35.0	38.5	39.8	40.8
Age Group Shares (%)						
0-14	24.9	20.3	20.3	17.7	16.3	15.8
15-24	19.1	17.1	13.2	13.4	13.4	12.5
25-44	27.6	32.1	33.0	29.7	27.9	27.5
45-64	19.6	19.8	21.3	26.1	28.3	28.3
65-74	5.5	6.5	7.3	7.0	7.6	9.1
75+	3.4	4.2	5.0	6.2	6.5	6.8
Total Fertility Rate	1.7	1.6	1.6	1.5	1.5	1.5
Life Expectancy (Years)						
Male	70.8	73.8	75.9	77.6	78.3	79.1
Female	78.0	80.0	81.3	82.3	82.8	83.3
Families (000s)	2,147	2,516	3,005	NA	NA	NA
Households (000s) ⁴	2,688	3,355	3,925	NA	NA	NA

Notes:

1. Population figures are for July (Census year).
2. Estimates by Statistics Canada based on the 1996 Census adjusted for net Census undercoverage.
3. Projections by Ontario Ministry of Finance based on the 1999 postcensal population estimates.
4. Households are Census data.

Sources: Statistics Canada population estimates and Ontario Ministry of Finance population projections.

Table 22**Ontario, Components of Population Growth, 1990-91 - 1999-00¹**

	(Thousands)				
	1990-91	1991-92	1992-93	1993-94	1994-95
Population at Beginning of Period	10,299.6	10,427.6	10,570.5	10,690.4	10,827.5
Births	150.6	152.1	148.7	147.1	147.2
Deaths	71.5	73.6	74.6	77.3	78.2
Immigrants	113.9	128.3	145.0	119.6	119.8
Emigrants	18.6	19.5	18.6	19.2	19.9
Interprovincial Arrivals	73.8	70.8	66.4	64.6	66.9
Interprovincial Departures	84.7	81.9	80.6	74.0	69.7
Net Non-Permanent Residents	-43.4	-21.7	-54.4	-12.0	-16.9
Population Growth During Period	128.1	142.9	120.0	137.1	137.4
Population at End of Period²	10,427.6	10,570.5	10,690.4	10,827.5	10,964.9
Population Growth (%)	1.2	1.4	1.1	1.3	1.3

Table 22 (continued)

	(Thousands)				
	1995-96	1996-97	1997-98	1998-99	1999-00
Population at Beginning of Period	10,964.9	11,100.9	11,249.5	11,386.1	11,517.3
Births	143.1	136.3	133.3	130.9	129.0
Deaths	77.7	80.4	80.2	81.9	86.3
Immigrants	115.4	119.6	106.5	91.8	116.7
Emigrants	20.0	25.0	28.9	30.0	31.6
Interprovincial Arrivals	69.1	70.0	75.2	72.8	91.3
Interprovincial Departures	71.9	68.0	66.0	56.1	71.5
Net Non-Permanent Residents	-12.2	-3.9	-3.2	3.8	4.4
Population Growth During Period	136.0	148.8	138.6	131.9	151.1
Population at End of Period²	11,100.9	11,249.5	11,386.1	11,517.3	11,669.3
Population Growth (%)	1.2	1.3	1.2	1.2	1.3

Notes:

1. Data are from July 1 to June 30 (Census year).
2. The sum of the components does not equal the total change in population due to residual errors.

Source: Statistics Canada.

Table 23

Ontario, Labour Force, 1986-1999

	1986	1987	1988	1989	1990	1991	1992
Labour Force (000s)	5,079	5,209	5,354	5,470	5,533	5,544	5,542
Annual Labour Force Growth (%)	2.5	2.6	2.8	2.2	1.2	0.2	0.0
Participation Rate (%)							
Male	79.1	79.0	78.6	78.8	78.0	76.4	75.1
Female	58.6	59.5	61.0	61.3	61.4	61.0	60.0
Share of Labour Force (%)							
Youth (15-24)	23.0	22.4	21.4	20.6	19.6	18.6	18.1
Older Worker (45+)	25.7	25.9	25.9	26.0	26.3	26.6	27.4

Table 23 (continued)

1993 1994 1995 1996 1997 1998 1999

Labour Force (000s)	5,581	5,574	5,620	5,695	5,801	5,914	6,071
Annual Labour Force Growth (%)	0.7	-0.1	0.8	1.3	1.9	1.9	2.6
Participation Rate (%)							
Male	74.4	73.5	72.9	72.6	72.8	72.6	73.2
Female	59.5	58.8	58.7	58.9	59.1	59.7	60.4
Share of Labour Force (%)							
Youth (15-24)	17.3	16.8	16.4	16.2	15.9	15.7	16.0
Older Worker (45+)	28.0	28.8	29.1	29.5	30.2	30.6	31.3

Source: Statistics Canada.

Table 24

	Ontario, Employment, 1986-1999						
	1986	1987	1988	1989	1990	1991	1992
Total Employment (000s)	4,722	4,893	5,083	5,193	5,191	5,016	4,949
Male	2,677	2,760	2,823	2,875	2,851	2,717	2,661
Female	2,045	2,133	2,260	2,318	2,340	2,299	2,288
Annual Employment Growth (%)	3.7	3.6	3.9	2.2	0.0	-3.4	-1.3
Net Job Creation (000s)	166	171	190	111	-2	-176	-67
Private-Sector Employment (000s)	N/A	4,000	4,135	4,225	4,174	3,986	3,899
Broader Public Sector							
Employment (000s) ¹	N/A	892	947	969	1,018	1,029	1,050
Manufacturing Employment							
(% of total)	N/A	21.2	20.8	20.1	19.2	18.0	17.3
Services Employment							
(% of total)	N/A	68.0	68.7	68.9	70.0	71.7	72.7
Part-time (% of total)	16.6	16.3	16.7	16.7	17.1	18.3	18.6
Average Hours Worked							
Per Week ²	37.7	37.7	38.2	38.5	38.1	37.3	36.7

Table 24 (continued)

	1993	1994	1995	1996	1997	1998	1999
Total Employment (000s)	4,974	5,039	5,131	5,181	5,313	5,490	5,688
Male	2,688	2,729	2,777	2,798	2,879	2,952	3,058
Female	2,286	2,311	2,353	2,383	2,435	2,538	2,630
Annual Employment Growth (%)	0.5	1.3	1.8	1.0	2.6	3.3	3.6
Net Job Creation (000s)	25	65	91	50	133	177	198
Private-Sector Employment (000s)	3,912	3,974	4,078	4,163	4,317	4,466	4,653
Broader Public Sector							
Employment (000s) ¹	1,062	1,065	1,052	1,018	996	1,024	1,035
Manufacturing Employment							
(% of total)	16.5	16.6	17.1	17.4	17.7	18.0	18.4
Services Employment							
(% of total)	73.8	74.0	73.7	73.6	73.4	73.2	72.7
Part-time (% of total)	19.7	19.0	18.8	19.3	19.2	18.6	18.0
Average Hours Worked							
Per Week ²	37.2	37.6	37.2	37.6	37.8	37.8	37.9

Notes:

1. Broader Public Sector includes Public Administration, Health Care and Social Assistance, and Educational Services, except for certain private-sector components such as offices of health practitioners and some private-sector educational institutions. Industry groupings are based on the North American Industry Classification System (NAICS).
2. Average actual hours worked per week at all jobs, excluding persons not at work.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 25**Ontario, Unemployment, 1986-1999**

	1986	1987	1988	1989	1990	1991	1992
Total Unemployment (000s)	357	316	271	276	342	528	593
Unemployment Rate (%)	7.0	6.1	5.1	5.1	6.2	9.5	10.7
Male	6.7	5.5	4.7	4.8	6.2	10.0	11.9
Female	7.5	6.8	5.6	5.4	6.1	8.9	9.3
Toronto CMA	N/A	4.5	3.8	4.0	5.2	9.5	11.2
Northern Ontario	N/A	9.7	8.0	7.3	8.1	11.4	12.6
Youth (15-24)	11.2	9.4	7.9	7.7	10.0	15.0	17.4
Older Workers (45+)	4.7	4.4	3.6	3.3	4.0	6.8	7.4
Unemployment (% of total)							
Long-Term (27 weeks+)	17.9	16.7	12.8	13.2	13.7	22.5	29.7
Youth (15-24)	36.8	34.8	33.2	31.3	31.7	29.3	29.5
Older Workers (45+)	17.2	18.8	18.3	17.0	16.9	19.0	19.0
Average Duration (weeks)*	16.4	16.1	13.4	13.5	13.7	18.5	23.3
Youth (15-24)	12.3	10.8	8.6	8.4	10.0	13.5	16.6
Older Workers (45+)	23.6	22.2	20.0	19.5	18.9	22.7	29.7

Table 25 (continued)

	1993	1994	1995	1996	1997	1998	1999
Total Unemployment (000s)	607	535	489	515	488	424	383
Unemployment Rate (%)	10.9	9.6	8.7	9.0	8.4	7.2	6.3
Male	11.5	10.0	8.9	9.0	8.2	7.1	6.2
Female	10.1	9.1	8.5	9.0	8.7	7.2	6.4
Toronto CMA	11.4	10.4	8.6	9.1	8.0	7.0	6.1
Northern Ontario	12.4	11.6	9.9	10.7	10.4	11.0	9.0
Youth (15-24)	17.5	15.5	14.6	14.9	16.4	14.4	13.1
Older Workers (45+)	7.6	7.0	6.5	6.4	5.9	5.3	4.2
Unemployment (% of total)							
Long-Term (27 weeks+)	33.4	32.3	29.4	28.3	25.5	21.8	19.0
Youth (15-24)	27.8	27.1	27.5	26.6	30.9	31.5	33.3
Older Workers (45+)	19.5	21.1	21.7	20.8	21.3	22.6	20.7
Average Duration (weeks)*	26.9	27.5	25.8	24.8	26.6	23.2	21.2
Youth (15-24)	18.4	17.8	16.2	15.4	13.7	12.7	11.5
Older Workers (45+)	33.7	34.6	33.4	31.1	42.6	39.2	33.6

* Prior to 1997, unemployment of 100 or more weeks was recorded as 99 due to data processing limitations. This restriction was removed for data after 1996.

Table 26**Ontario, Employment Insurance (EI) and Social Assistance, 1986-1999**

	1986	1987	1988	1989	1990	1991	1992
EI Regular Beneficiaries (000s)	221	190	172	167	225	225	322
Maximum Weekly Insurable Earnings (\$)	495	530	565	605	640	680	710
Maximum Weekly Entitlement (\$)	297	318	339	363	384	408	426
Premium Rate							
Employer (\$/\$100 Insurable Earnings)	3.29	3.29	3.29	2.73	3.15	3.15/3.92 ¹	4.20
Employee (\$/\$100 Insurable Earnings)	2.35	2.35	2.35	1.95	2.25	2.25/2.80 ¹	3.00
Total Benefits Paid (\$ millions) ²	2,483	2,387	2,370	2,470	3,419	5,362	5,845
Premiums Paid (\$ millions) ²	3,946	4,379	4,804	4,346	5,281	6,058	7,279
Social Assistance Caseload (000s) ³	268	279	289	307	366	499	608

Table 26 (continued)

	1993	1994	1995	1996	1997	1998	1999
EI Regular Beneficiaries (000s)	294	294	228	180	NA ⁴	NA ⁴	NA ⁴
Maximum Weekly Insurable Earnings (\$)	745	780	815	750	39,000 ⁵	39,000 ⁵	39,000 ⁵
Maximum Weekly Entitlement (\$)	425	429	448	413	413	413	413
Premium Rate							
Employer (\$/\$100 Insurable Earnings)	4.20	4.30	4.20	4.13	4.06	3.78	3.57
Employee (\$/\$100 Insurable Earnings)	3.00	3.07	3.00	2.95	2.90	2.70	2.55
Total Benefits Paid (\$ millions) ²	5,406	4,511	3,796	3,653	3,436	3,141	3,051
Premiums Paid (\$ millions) ²	7,400	7,797	7,997	7,555	7,980	7,771	7,587
Social Assistance Caseload (000s) ³	660	673	660	600	568	529 ³	479 ³

Notes :

1. Premium rates for 1991 changed at mid-year.
2. Employment Insurance benefit payments are on a cash basis; premiums are paid on an accrual basis.
3. The number of social assistance cases in 1998 and 1999 includes recipients of Ontario Works Program (OW), Ontario Disability Support Program (ODSP), Temporary Care Assistance (TCA) and Assistance for Children with Severe Disabilities (ACSD) program. The *Ontario Works Act* was proclaimed in May 1998 and replaced the *General Welfare Act*. The *Ontario Disability Support Program Act* was proclaimed in June 1998.
4. Statistics Canada and Human Resources Development Canada have discovered an error in the calculation of the number of beneficiaries of Employment Insurance for 1997 to 1999. The departments have agreed to correct the data series.
5. Effective January 1, 1997, the maximum weekly insurable earnings of \$750 was eliminated and replaced with an annual maximum set at \$39,000.

Sources: Statistics Canada, Human Resources Development Canada, *Chief Actuary's Report on EI Premium Rates for 2000* and Ontario Ministry of Community and Social Services.

Table 27

Ontario, Labour Compensation, 1986-1999

	1986	1987	1988	1989	1990	1991	1992
Average Weekly Earnings(\$) ¹	433.35	453.80	477.70	505.11	526.81	553.92	576.85
Increase (%)	4.6	4.7	5.3	5.7	4.3	5.1	4.1
CPI Inflation (%)	4.4	5.0	4.8	5.7	4.9	4.7	1.0
AWE Increase Less CPI Inflation (%)	0.2	-0.3	0.5	0.0	-0.6	0.4	3.1
AWE - Manufacturing (\$)	524.76	548.57	574.71	599.94	632.38	663.46	696.85
Increase (%)	3.3	4.5	4.8	4.4	5.4	4.9	5.0
Increase Less CPI Inflation (%)	-1.1	-0.5	0.0	-1.3	0.5	0.2	4.0
Wage Settlement Increases (%) ²							
All Sectors	4.3	3.9	4.7	5.6	6.5	4.9	2.7
Public	4.6	4.6	4.7	5.8	6.8	5.0	2.6
Private	3.7	2.7	4.6	5.1	6.3	4.6	2.7
Person Days Lost Due to Strikes and Lockouts (000s)	941	1109	1362	869	2958	454	578
Minimum Wage at Year End (\$/hour)	4.35	4.55	4.75	5.00	5.40	6.00	6.35

Table 27 (continued)

	1993	1994	1995	1996	1997	1998	1999
Average Weekly Earnings(\$) ¹	589.55	604.79	610.29	625.71	638.97	646.78	651.55
Increase (%)	2.2	2.6	0.9	2.5	2.1	1.2	0.7
CPI Inflation (%)	1.8	0.0	2.5	1.5	1.9	0.9	1.9
AWE Increase Less CPI Inflation (%)	0.4	2.6	-1.6	1.0	0.2	0.3	-1.2
AWE - Manufacturing (\$)	716.07	739.08	749.94	773.80	802.48	822.88	820.35
Increase (%)	2.8	3.2	1.5	3.2	3.7	2.5	-0.3
Increase Less CPI Inflation (%)	1.0	3.2	-1.0	1.7	1.8	1.6	-2.2
Wage Settlement Increases (%) ²							
All Sectors	1.0	0.4	1.0	1.1	1.2	1.7	2.0
Public	0.5	0.1	0.2	0.3	0.7	1.3	1.4
Private	1.9	1.1	1.7	2.2	2.2	2.2	3.1
Person Days Lost Due to Strikes and Lockouts (000s)	371	488	477	1,915	1,904	1,061	651
Minimum Wage at Year End (\$/hour)	6.35	6.70	6.85	6.85	6.85	6.85	6.85

Notes:

1. Average Weekly Earnings (AWE) includes overtime.
2. Wage settlement increases are for collective agreements covering 200 or more employees.

Sources: Statistics Canada, Ontario Ministry of Labour and Ontario Ministry of Finance.

Table 28**Ontario, Employment by Occupation, 1988-1999**

	(Thousands)					
	1988	1989	1990	1991	1992	1993
Management	530	512	533	555	540	569
Business, Finance & Administrative	1,035	1,065	1,068	1,011	1,001	961
Natural & Applied Sciences	232	249	256	265	253	247
Health	233	234	233	248	241	255
Social Science, Education, Government						
Service & Religion	286	298	316	321	344	344
Art, Culture, Recreation & Sport	135	137	133	122	129	138
Sales & Service	1,174	1,182	1,203	1,168	1,185	1,221
Trades, Transport & Equipment Operators	763	802	781	719	683	678
Primary Industry	158	161	157	151	147	154
Processing, Manufacturing & Utilities	537	555	512	456	426	408
Total	5,083	5,193	5,191	5,016	4,949	4,974

Table 28 (continued)

	(Thousands)					
	1994	1995	1996	1997	1998	1999
Management	548	596	585	590	595	553
Business, Finance & Administrative	965	979	968	962	993	1,050
Natural & Applied Sciences	250	272	270	296	327	388
Health	254	252	245	261	255	272
Social Science, Education, Government						
Service & Religion	375	341	340	342	356	389
Art, Culture, Recreation & Sport	150	140	148	143	155	169
Sales & Service	1,216	1,243	1,272	1,305	1,348	1,354
Trades, Transport & Equipment Operators	692	712	721	756	777	790
Primary Industry	147	143	142	143	139	153
Processing, Manufacturing & Utilities	443	453	490	515	545	571
Total	5,039	5,131	5,181	5,313	5,490	5,688

Note: Occupation groupings based on 1991 Standard Occupational Classification.

Source: Statistics Canada.

Table 29**Ontario, Distribution of Employment by Occupation, 1988-1999**

	(Per cent)					
	1988	1989	1990	1991	1992	1993
Management	10.4	9.9	10.3	11.1	10.9	11.4
Business, Finance & Administrative	20.4	20.5	20.6	20.2	20.2	19.3
Natural & Applied Sciences	4.6	4.8	4.9	5.3	5.1	5.0
Health	4.6	4.5	4.5	4.9	4.9	5.1
Social Science, Education, Government						
Service & Religion	5.6	5.7	6.1	6.4	7.0	6.9
Art, Culture, Recreation & Sport	2.7	2.6	2.6	2.4	2.6	2.8
Sales & Service	23.1	22.8	23.2	23.3	23.9	24.6
Trades, Transport & Equipment Operators	15.0	15.4	15.1	14.3	13.8	13.6
Primary Industry	3.1	3.1	3.0	3.0	3.0	3.1
Processing, Manufacturing & Utilities	10.6	10.7	9.9	9.1	8.6	8.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 29 (continued)

	(Per cent)					
	1994	1995	1996	1997	1998	1999
Management	10.9	11.6	11.3	11.1	10.8	9.7
Business, Finance & Administrative	19.1	19.1	18.7	18.1	18.1	18.5
Natural & Applied Sciences	5.0	5.3	5.2	5.6	6.0	6.8
Health	5.0	4.9	4.7	4.9	4.6	4.8
Social Science, Education, Government						
Service & Religion	7.4	6.6	6.6	6.4	6.5	6.8
Art, Culture, Recreation & Sport	3.0	2.7	2.9	2.7	2.8	3.0
Sales & Service	24.1	24.2	24.5	24.6	24.6	23.8
Trades, Transport & Equipment Operators	13.7	13.9	13.9	14.2	14.2	13.9
Primary Industry	2.9	2.8	2.7	2.7	2.5	2.7
Processing, Manufacturing & Utilities	8.8	8.8	9.5	9.7	9.9	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Occupation groupings based on 1991 Standard Occupational Classification.

Source: Statistics Canada.

Table 30**Ontario, Employment by Industry, 1990-1999**

	(Thousands)				
	1990	1991	1992	1993	1994
Goods Producing Industries	1,556	1,420	1,352	1,302	1,312
Primary Industries	171	165	162	159	155
Agriculture	113	112	110	114	112
Manufacturing	994	905	857	822	838
Construction	327	285	269	264	271
Utilities	63	64	64	57	49
Services Producing Industries	3,635	3,596	3,597	3,672	3,727
Trade	777	759	765	778	771
Transportation & Warehousing	234	223	212	221	236
Finance, Insurance, Real Estate & Leasing	392	382	367	367	355
Professional, Scientific & Technical Services	262	269	267	270	282
Management, Administrative & Other Support	135	143	144	152	158
Educational Services	325	333	346	356	364
Health Care & Social Assistance	477	482	484	496	503
Information, Culture & Recreation	215	204	202	209	223
Accommodation & Food Services	287	272	277	281	288
Public Administration	313	316	318	318	314
Other Services	219	214	216	225	234
Total Employment	5,191	5,016	4,949	4,974	5,039

Table 30 (continued)**Ontario, Employment by Industry, 1990-1999**

	(Thousands)				
	1995	1996	1997	1998	1999
Goods Producing Industries	1,348	1,366	1,412	1,469	1,550
Primary Industries	152	151	143	144	152
Agriculture	107	105	103	106	114
Manufacturing	878	904	939	989	1,049
Construction	269	261	282	288	300
Utilities	49	50	48	49	50
Services Producing Industries	3,782	3,815	3,902	4,021	4,138
Trade	767	783	802	813	850
Transportation & Warehousing	242	244	248	261	260
Finance, Insurance, Real Estate & Leasing	365	372	377	376	384
Professional, Scientific & Technical Services	302	313	350	372	397
Management, Administrative & Other Support	174	181	194	210	224
Educational Services	358	340	340	347	368
Health Care & Social Assistance	510	503	495	518	518
Information, Culture & Recreation	233	232	248	243	257
Accommodation & Food Services	293	315	316	335	340
Public Administration	305	290	279	284	286
Other Services	235	242	251	262	254
Total Employment	5,131	5,181	5,313	5,490	5,688

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

Table 31**Ontario, Growth in Employment by Industry, 1990-1999**

	(Per cent change)				
	1990	1991	1992	1993	1994
Goods Producing Industries	-3.6	-8.8	-4.8	-3.7	0.8
Primary Industries	-3.9	-3.4	-2.3	-1.5	-2.5
Agriculture	-2.6	-0.3	-1.7	3.3	-2.2
Manufacturing	-4.6	-9.0	-5.3	-4.2	2.0
Construction	-0.8	-12.8	-5.6	-1.9	2.5
Utilities	0.0	0.9	0.3	-11.5	-13.9
Services Producing Industries	1.6	-1.1	0.0	2.1	1.5
Trade	-1.1	-2.4	0.9	1.6	-0.9
Transportation & Warehousing	-0.4	-4.8	-5.0	4.5	6.6
Finance, Insurance, Real Estate & Leasing	6.0	-2.6	-3.8	0.0	-3.4
Professional, Scientific & Technical Services	6.6	2.5	-0.6	1.1	4.4
Management, Administrative & Other Support	-4.7	6.1	0.8	5.7	3.8
Educational Services	1.1	2.6	3.7	3.0	2.2
Health Care & Social Assistance	4.5	1.1	0.4	2.5	1.5
Information, Culture & Recreation	-6.2	-4.7	-1.3	3.4	6.7
Accommodation & Food Services	0.5	-5.4	2.1	1.3	2.5
Public Administration	7.0	0.9	0.7	0.2	-1.4
Other Services	1.1	-2.2	0.6	4.1	4.2
Total Employment	0.0	-3.4	-1.3	0.5	1.3

Table 31 (continued)**Ontario, Growth in Employment by Industry, 1990-1999**

	(Per cent change)				
	1995	1996	1997	1998	1999
Goods Producing Industries	2.7	1.3	3.4	4.1	5.5
Primary Industries	-1.8	-0.9	-5.5	1.1	5.6
Agriculture	-4.3	-1.5	-2.5	3.1	7.9
Manufacturing	4.8	2.9	3.9	5.4	6.0
Construction	-0.7	-2.6	8.0	1.8	4.4
Utilities	0.6	1.6	-3.2	1.0	1.2
Services Producing Industries	1.5	0.9	2.3	3.0	2.9
Trade	-0.6	2.2	2.4	1.4	4.5
Transportation & Warehousing	2.8	0.6	1.8	5.3	-0.5
Finance, Insurance, Real Estate & Leasing	2.8	2.2	1.3	-0.5	2.3
Professional, Scientific & Technical Services	7.0	3.8	11.7	6.3	6.5
Management, Administrative & Other Support	9.9	4.0	7.4	8.0	7.0
Educational Services	-1.7	-5.0	0.0	2.1	6.2
Health Care & Social Assistance	1.4	-1.4	-1.5	4.6	0.0
Information, Culture & Recreation	4.6	-0.5	7.0	-2.1	5.7
Accommodation & Food Services	1.8	7.4	0.6	5.8	1.6
Public Administration	-2.8	-4.9	-3.7	1.6	0.6
Other Services	0.4	3.1	3.5	4.6	-3.3
Total Employment	1.8	1.0	2.6	3.3	3.6

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

Table 32**Ontario, Employment by Economic Regions, 1989-2000**

	(Thousands)					
	1989	1990	1991	1992	1993	1994
Ontario	5,193	5,191	5,016	4,949	4,974	5,039
Region:*						
East	686	693	689	682	683	701
Ottawa (510)	508	518	513	508	503	521
Kingston-Pembroke (515)	178	175	176	174	180	180
Greater Toronto Area (530)¹	2,255	2,244	2,130	2,104	2,118	2,115
Central	1,185	1,200	1,163	1,149	1,139	1,173
Muskoka-Kawarthas (520)	138	138	136	140	136	137
Kitchener-Waterloo-Barrie (540)	453	450	449	450	458	470
Hamilton-Niagara Peninsula (550)	595	612	578	559	546	567
Southwest	703	685	682	676	689	705
London (560)	278	280	281	275	285	288
Windsor-Sarnia (570)	282	268	263	266	267	274
Stratford-Bruce Peninsula (580)	143	138	138	135	137	143
North	364	368	352	337	344	345
Northeast (590)	254	256	244	233	238	237
Northwest (595)	111	112	108	104	106	108

Table 32 (continued)

	(Thousands)					
	1995	1996	1997	1998	1999	2000 ²
Ontario	5,131	5,181	5,313	5,490	5,688	5,865
Region:*						
East	674	674	685	726	750	755
Ottawa (510)	501	508	516	543	555	571
Kingston-Pembroke (515)	172	166	170	183	195	184
Greater Toronto Area (530)¹	2,215	2,242	2,348	2,426	2,511	2,612
Central	1,194	1,209	1,230	1,276	1,322	1,370
Muskoka-Kawarthas (520)	148	148	150	152	161	165
Kitchener-Waterloo-Barrie (540)	469	478	496	515	543	551
Hamilton-Niagara Peninsula (550)	577	583	584	609	618	654
Southwest	686	699	723	724	744	763
London (560)	285	278	283	286	299	307
Windsor-Sarnia (570)	271	279	296	296	296	304
Stratford-Bruce Peninsula (580)	130	142	145	142	149	152
North	362	357	345	348	361	365
Northeast (590)	248	247	241	244	249	252
Northwest (595)	114	110	105	105	112	113

* Standard deviations vary significantly across regions, decreasing as the size of the region increases.

Notes:

1. Economic region of Toronto (530) closely matches the GTA, except that it excludes the city of Burlington.
2. Figures are monthly average, year-to-date.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 33**Ontario, Employment by Industry for Economic Regions, 1999**

	All Industries	Agriculture	Resources ¹	Manu- facturing	(Thousands)
Ontario	5,688	114	38	1,049	
Region:					
East	750	20	3	83	
Ottawa (510)	555	12	-	57	
Kingston-Pembroke (515)	195	7	2	26	
Greater Toronto Area (530)	2,511	9	3	472	
Central	1,322	36	4	295	
Muskoka-Kawarthas (520)	161	6	-	27	
Kitchener-Waterloo-Barrie (540)	543	12	-	135	
Hamilton-Niagara Peninsula (550)	618	17	2	133	
Southwest	744	47	3	161	
London (560)	299	15	-	52	
Windsor-Sarnia (570)	296	11	-	81	
Stratford-Bruce Peninsula (580)	149	21	-	28	
North	361	3	25	37	
Northeast (590)	249	3	17	24	
Northwest (595)	112	-	8	13	

Table 33 (continued)

	Construction	Distributive ²	Finance, Prof. & Mgmt. ³	Info., Culture & Recreation ⁴	(Thousands)
Ontario	300	503	1,005	257	
Region:					
East	34	46	123	35	
Ottawa (510)	23	33	101	28	
Kingston-Pembroke (515)	10	13	22	7	
Greater Toronto Area (530)	128	238	589	129	
Central	76	119	172	53	
Muskoka-Kawarthas (520)	12	14	15	7	
Kitchener-Waterloo-Barrie (540)	32	50	72	19	
Hamilton-Niagara Peninsula (550)	31	54	85	27	
Southwest	43	67	83	28	
London (560)	17	29	40	9	
Windsor-Sarnia (570)	17	22	30	15	
Stratford-Bruce Peninsula (580)	8	16	13	4	
North	20	33	37	12	
Northeast (590)	14	22	25	8	
Northwest (595)	6	11	12	4	

Table 33 (continued)**Ontario, Employment by Industry for Economic Regions, 1999**

	Retail Trade	Personal Services ⁵	(Thousands) Education
Ontario	657	594	368
Region:			
East	90	92	57
Ottawa (510)	64	66	39
Kingston-Pembroke (515)	26	26	18
Greater Toronto Area (530)	275	232	146
Central	158	146	89
Muskoka-Kawarthas (520)	20	21	10
Kitchener-Waterloo-Barrie (540)	63	53	40
Hamilton-Niagara Peninsula (550)	76	72	39
Southwest	83	78	48
London (560)	32	31	25
Windsor-Sarnia (570)	33	33	17
Stratford-Bruce Peninsula (580)	18	14	7
North	50	46	28
Northeast (590)	36	32	19
Northwest (595)	14	14	9

Table 33 (continued)

(Thousands)

	Health & Soc. Assistance	Public Administration
Ontario	518	285
Region:		
East	72	96
Ottawa (510)	47	84
Kingston-Pembroke (515)	25	12
Greater Toronto Area (530)	198	90
Central	120	53
Muskoka-Kawarthas (520)	18	8
Kitchener-Waterloo-Barrie (540)	46	19
Hamilton-Niagara Peninsula (550)	56	26
Southwest	81	23
London (560)	37	11
Windsor-Sarnia (570)	28	9
Stratford-Bruce Peninsula (580)	15	4
North	47	23
Northeast (590)	33	17
Northwest (595)	14	7

- Employment numbers under 1,500 are suppressed because they are statistically unreliable.

See standard deviation and GTA note for Table 32.

Industrial groupings based on North American Industry Classification System (NAICS).

Notes:

1. Includes Forestry, Fishing, Mining, Oil and Gas.
2. Includes Transportation & Warehousing, Utilities and Wholesale Trade.
3. Includes Finance, Insurance, Real Estate & Leasing; Management, Administrative & Other Support Services; and Professional, Scientific & Technical Services.
4. Information, Culture & Recreation includes industries such as Publishing, Motion Picture & Sound Recording, Broadcasting & Telecommunications, Information & Data Processing, Performing Arts, Spectator Sports, Heritage Institutions and Amusement, Gambling & Recreation.
5. Includes Accommodation & Food Services and Other Services (such as Repair, Personal and Religious).

Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario Economic Regions¹

East

Ottawa (510)

The united counties of Stormont, Dundas and Glengarry, Prescott and Russell, Leeds and Grenville, the county of Lanark and the Ottawa-Carleton Regional Municipality

Kingston-Pembroke (515)

The counties of Lennox and Addington, Hastings, Renfrew, Prince Edward and Frontenac

Central

Muskoka-Kawarthas (520)

The counties of Northumberland, Peterborough, Victoria, Haliburton, and the Muskoka District Municipality

Kitchener-Waterloo-Barrie (540)

The counties of Dufferin, Wellington, and Simcoe and the Waterloo Regional Municipality

Hamilton-Niagara Peninsula (550)

The county of Brant, the Regional Municipalities of Hamilton-Wentworth, Niagara, Haldimand-Norfolk and the city of Burlington in the Halton Regional Municipality

Greater Toronto Area²

Toronto (530)

Toronto Metropolitan Municipality, the Regional Municipalities of Durham, York, Peel and Halton (excluding the city of Burlington)

Southwest

London (560)

The counties of Oxford, Elgin and Middlesex

Windsor-Sarnia (570)

The counties of Lambton and Essex and Kent

Stratford-Bruce Peninsula (580)

The counties of Perth, Huron, Bruce and Grey

North

Northeast (590)

The districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane, Algoma, and the Sudbury Regional Municipality

Northwest (595)

The districts of Thunder Bay, Rainy River and Kenora

Notes:

1. As defined by Statistics Canada, *Guide to the Labour Force Survey*, January 2000.
 2. Economic Region 530 closely matches the GTA, except that it excludes the city of Burlington.
-

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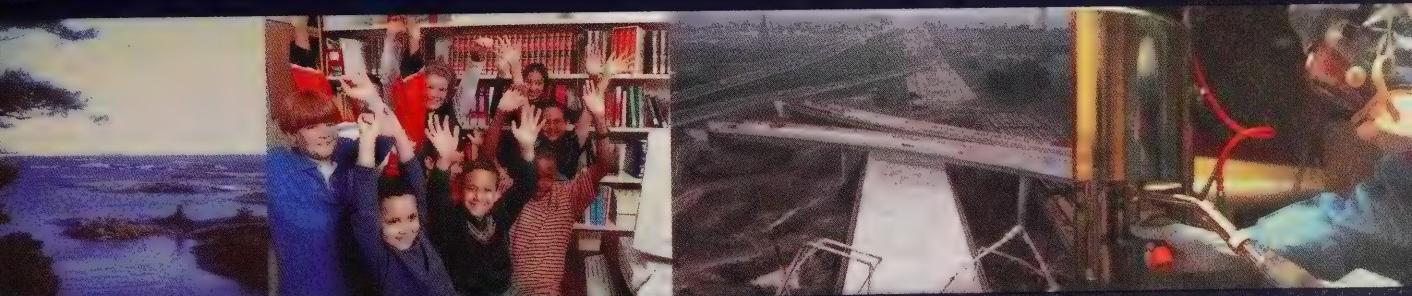
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Ontario Economic Outlook and Fiscal Review



Statement to the Legislature

**The Honourable Ernie Eves, Q.C.
Minister of Finance**



2000

Ontario Economic Outlook and Fiscal Review



Statement to the Legislature

**The Honourable Ernie Eves, Q.C.
Minister of Finance**

Presented to the
Members of the Legislative Assembly of Ontario by
The Honourable Ernie Eves, Q.C.
Minister of Finance
December 4, 2000

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L'allocution prononcée devant l'Assemblée législative par l'honorables Ernie Eves
est disponible en français.



Introduction

Thank you, Mr. Speaker.

In the 2000 Budget, we reported that Ontario's economy was growing stronger and faster than expected.

Today, our economy is still growing faster than all of the G-7 nations. Our businesses are still creating jobs at a vigorous pace. Hard-working Ontarians are still creating new opportunities.

These are major achievements. But staying competitive means not standing still.

Ontario's Strong Economic Record: Tax Cuts Key to Growth

Some people believe that tax cuts cost government money. Nothing could be further from the truth. Tax cuts create jobs, stimulate investment, and generate the fiscal resources we need to invest in our priorities.

We expect that by the end of this year our tax revenues will be \$14 billion higher than when we initiated our tax cut agenda five years ago.

Ontario's real GDP rose 6.1 per cent in 1999—more than the growth in the rest of Canada, any other province, the United States or any G-7 country.

Our prudent 2000 Budget projection suggested our economy would grow by 4.6 per cent in 2000 and 3.1 per cent in 2001. In fact, based on the exceptional performance so far in 2000, the recent average private-sector forecast is that Ontario will grow 5.5 per cent this year and 3.7 per cent in 2001.

This strong economic growth is reflected in vigorous job creation. So far this year, Ontario has created 184,000 new jobs compared to the same period in 1999. Since September of 1995 Ontario has created 830,000 net new jobs—more than half of all the jobs created in Canada over this period.

We have become and we remain, Mr. Speaker, the job creation leader of Canada.

Leading the Way in Tax Cuts

Tax cuts remain central to our strategy for strengthening our economic competitiveness. We are pleased the federal government finally realizes the economic benefits of tax cuts and is following our lead by beginning to cut personal and corporate income taxes. But Ottawa must do more to make Canada's tax rates competitive with other jurisdictions, particularly the United States.

In the 2000 Budget, we proposed that, beginning January 1, 2001, the capital gains inclusion rate in Ontario be reduced from two-thirds to 50 per cent, over four years.

We issued a challenge to the federal government to match these reductions. In its October 18, 2000 Economic Statement and Budget Update, the federal government responded.

To ensure that Ontario taxpayers obtain the full benefit of this move, we are prepared to accelerate the pace of our capital gains rate reductions too. Today, I am announcing that, retroactive to October 18, 2000, we will fully implement the 50 per cent capital gains inclusion rate.

In the 2000 Budget, we also announced plans to support the mining sector with a new bonus deduction for purchasers of flow-through shares.

Again, we issued a challenge to the federal government to support this critical sector. Ottawa has followed our lead by proposing a flow-through share tax credit.

Today, I am announcing that, retroactive to October 18, 2000, we propose to introduce a flow-through share tax credit of 5 per cent to parallel the federal move.

I would like to thank the Prospectors and Developers Association of Canada and my colleague, the Honourable Tim Hudak, Minister of Northern Development and Mines, whose dedication and persistence also helped lead the federal government to support this important sector and our northern communities.

Mr. Speaker, the tax changes announced today complement the many initiatives we have undertaken to support the development of an innovative society.

For example, in the 2000 Budget, I announced that we would be tripling funding for the Ontario Innovation Trust to \$750 million. This allows Ontario research

institutions to lever funding provided through the federal government's Canada Foundation for Innovation.

The 2000 Budget also proposed the Ontario Research Employee Stock Option Credit and the elimination of Employer Health Tax on stock options paid by research-intensive firms. More recently, we proposed a new 20 per cent Personal Income Tax credit for investments in Research Oriented Investment Funds. We are taking these steps to attract and retain workers in the highly-competitive knowledge-based economy.

Investing in our Province's Infrastructure

The SuperBuild Corporation represents a new and fresh approach to government capital planning and spending in Ontario. It is an approach anchored firmly in the belief that public-private partnerships can help build public infrastructure in the most cost-effective and productive manner possible.

Health care still remains our highest priority. Through partnerships we are investing \$1.8 billion to modernize our hospitals and provide Ontarians with the highest standards of health care possible.

Partnerships are also helping us expand our post-secondary education system to meet the challenges ahead of us. Together with post-secondary institutions, the private sector and other partners, we have committed \$1.8 billion to create 73,000 new student spaces in colleges and universities, ensuring that every Ontarian who is willing and qualified can pursue a post-secondary education.

This year we are investing a record \$1 billion to expand and renew Ontario's highway infrastructure. This includes a significant investment to pave the way for economic development in Northern Ontario through the accelerated four-laning of Highways 11 and 69.

We have demonstrated that partnerships between government and the private sector work. The successful sale of Highway 407 to the private sector, the largest highway privatization in the world, generated \$3.1 billion for the Ontario treasury. The continuing construction to complete the highway has created over 6,000 new jobs and has helped to relieve traffic congestion for business and commuter traffic across the Greater Toronto Area.

The recent lease agreement between the Province and British Energy for the Bruce Nuclear facility is a partnership that will see a dormant provincial asset revitalized and reactivated. As a result, jobs will be saved in many Bruce Peninsula communities and new economic growth will be possible in the region.

Details of SuperBuild's activities to date are provided in the first SuperBuild Corporation Progress Report, which we are releasing today.

Standing up for Ontario

Ontarians—like all Canadians—expect the federal government to be a true partner in the funding of health care and other social programs by committing to fund 18 per cent of provincial-territorial expenditures through the Canada Health and Social Transfer (CHST), the same share of the cost that it paid in 1994-95.

While we have certainly made progress with the federal government in this regard, it is still only funding 12 per cent of health care expenditures in the Province of Ontario this year.

Meanwhile, Ontario will be spending \$2.1 billion more on health care this year than we did in 1999-2000.

Made-for-Ontario Tax System

In the 2000 Budget, I announced that for 2001 we would fully implement a Made-for-Ontario tax system. Under that system, Ontario will establish our own income tax rates and brackets, and our own approach to reductions in income tax through credits, exemptions and deductions.

Today I am announcing that we will use our new Made-for-Ontario policy flexibility to enhance Ontario's non-refundable tax credits for students, people with disabilities and their caregivers.

This \$60 million increase in tax benefits will assist both part-time and full-time students with the costs of their post-secondary education and help people with disabilities live independently and with dignity.

It is Ontario's view that the flexibility provided by the Made-for-Ontario income tax system is desirable. We also think it can be achieved within a single tax administration system.

However, the federal government must begin to realize that the interests of taxpayers are different in different provinces. Taxpayers in Ontario have interests that are unique to Ontario and different from the interests of taxpayers in Saskatchewan, for example. Likewise, those in B.C. have different concerns from those in Nova Scotia or Newfoundland.

Mr. Speaker, every province should be able to address the needs of its own taxpayers as it sees fit.

For example, the Ontario Research Employee Stock Option Credit is an initiative that is designed to improve Ontario's competitiveness as a place for researchers to locate and conduct their work.

To date, the federal government has not responded to our challenge to match this program, nor has it agreed to administer this benefit at a fair and reasonable cost.

If the federal government remains unwilling to act in the taxpayers' best interests, Ontario will have no choice but to establish the capacity to provide this benefit directly ourselves.

Fiscal Achievements

In 1995, we committed that we would launch the new century with a balanced Budget. **Mr. Speaker**, we have more than honoured our commitment. We were there one year ahead of schedule.

In response to the strength of our economy and our robust revenue performance, we are eliminating the need for the Province's \$1 billion reserve and applying the full amount to reduce Net Provincial Debt.

We remain committed, as we announced in the 2000 Budget, to reduce Net Provincial Debt by at least \$5 billion during this mandate, more than double our Blueprint commitment.

Based on the Second Quarter Ontario Finances, which we are releasing today, I am pleased to report that we are now projecting a Budget surplus of \$1.4 billion for 2000-01.

This projection is based on recent forecasts of 5.5 per cent economic growth this year. Some private-sector forecasts have projected even stronger growth.

Stronger-than-expected revenue growth does not mean, however, that government can return to its past practices of being all things to all people all the time.

When we are fortunate enough to have extra money we must invest it wisely.

Conclusion

Earlier in this statement, I spoke of the need to challenge the federal government to act to boost the nation's competitiveness.

Mr. Speaker, we ask only that the federal government work with the provinces in a spirit of cooperation.

We all have a stake in Canada's future. Ontario wants to ensure Canada maintains its position at the leading edge of the global economy.

Ontario cannot do it alone.

The provinces cannot do it alone.

We can only achieve our goals if all levels of government take responsibility and work together.

Mr. Speaker, our Government remains committed to protecting the gains we have made and ensuring that the outlook remains bright and prosperous for Ontarians today and tomorrow.

Thank you.

Je vous remercie.

Monsieur le Président, le gouvernement reste déterminé à protéger nos acquis et à faire en sorte que notre avenir reste prometteur et marqué au coin de la prospérité.

Nous pourrions atteindre nos buts uniquement si tous les paliers de gouvernement assument leurs responsabilités et collaborant.

Les provinces ne peuvent agir seules.

Où, l'Ontario ne peut agir seul

L'avenir du Canada nous concerne tous. L'Ontario veut s'assurer que le Canada demeure à l'avant-garde de l'économie mondiale.

Monsieur le Président, nous demandons simplement au gouvernement fédéral de collaborer avec les provinces.

J'ai mentionné précédemment qu'il avait été nécessaire de défier le gouvernement fédéral de prendre des mesures pour accroître la compétitivité du pays.

Conclusion

devons les investir judicieuxement.

Le succès nous avons la chance de disposer de sommes supplémentaires, nous

dans tous les domaines.

Une augmentation plus substantielle des recettes ne signifie pas pour autant que le gouvernement peut revenir à sa prahique antérieure de s'accaparer tous les rôles

croissance économique encore plus forte.

Cette prévision se fonde sur des projections récentes d'une croissance économique de 5,5 % cette année. Certains prévisionnistes du secteur privé ont prévu une

en 2000-2001.

À la lumière des données figurant dans les Finances de l'Ontario du deuxième trimestre, que nous publions aujourd'hui, j'ai le plaisir d'annoncer que nous prévoyons maintenant un excédent budgétaire de 1,4 milliard de dollars

d'action.

Comme nous l'avons annoncé dans le budget de 2000, nous testons déterminés à réduire d'environ 5 milliards de dollars la dette provinciale nette pendant notre mandat, ce qui représente plus du double de l'objectif énoncé dans notre Plan

provinciale nette.

Compte tenu de la vigueur de l'économie et de l'excellence des résultats financiers affichés, nous n'avons plus besoin de la réserve provinciale de 1 milliard de dollars et nous affections immédiatement ce montant à la diminution de la dette

promesse, car nous avons atteint notre objectif un an plus tôt que prévu. En effet équilibre. En fait, Monsieur le Président, nous avons plus que tenu notre promesse, car nous sommes engagés à améliorer le nouveau millénaire avec un budget équilibré.

Realisations financières

Si le gouvernement fédéral refuse toujours d'agir dans l'intérêt véritable des contribuables, l'Ontario n'aura d'autre choix que de se doter d'un système qui lui permettra d'offrir lui-même ce programme.

Lance de mettre sur pied un programme semblable. Il n'a pas accès à un plus d'administrer ce programme moyennant des frais de gestion équitables et raisonnables.

Par exemple, le crédit d'impôt de l'Ontario relatif aux options d'achat d'actions accordées aux employés pour le développement de la recherche vise à accroître la compétitivité de l'Ontario en tant qu'endroit où les chercheurs peuvent s'établir et mener leurs projets.

Monsieur le Président, chaque gouvernement provincial devrait pouvoir répondre aux besoins de ses contribuables comme il l'envisage.

Il faut toutefois que le gouvernement fédéral commence à admettre que les intérêts des contribuables différents d'une province à l'autre. Par exemple, les contribuables de l'Ontario ont des intérêts qui leur sont propres et qui se distinguent de ceux des contribuables de la Saskatchewan. Quant aux contribuables de la Colombie-Britannique, ils ont des préoccupations différentes de celles des habitants de la Nouvelle-Écosse et de Terre-Neuve.

Le gouvernement de l'Ontario estime que la marge de manœuvre que nous procure un régime fiscal adapté aux besoins de l'Ontario est souhaitable. Il croit aussi qu'un système unique d'administration de l'impôt est la voie à suivre.

Cette augmentation des avantages fiscaux, qui se chiffre à 60 millions de dollars, permettra aux étudiants et étudiantes à temps partiel et à temps plein de faire face au coût de leur éducation postsecondaire. Elle aidera aussi les personnes ayant un handicap à vivre de façon autonome et indépendante.

J'annonce aujourd'hui que nous nous servirons de notre nouveau régime fiscal adapté aux besoins de l'Ontario pour bonifier les crédits d'impôt non remboursables destinés aux étudiants et étudiantes, aux personnes ayant un handicap et aux solignants.

Dans le budget de 2000, j'ai annoncé que, l'an prochain, nous allions mettre en oeuvre un régime fiscal adapté aux besoins de l'Ontario. Dans le cadre de ce nouveau régime, l'Ontario fixera ses propres taux et tranchees d'imposition et adoptera sa propre démarche en matière de réductions d'impôt au moyen de crédits, d'exonérations et de déductions.

Régime fiscal adapté aux besoins de l'Ontario

Entre-temps, nous consacrerons 2,1 milliards de dollars de plus aux soins de santé cette année qu'en 1999-2000.

Malgré les progrès réalisés à cet égard, le gouvernement fédéral ne finance toujours que 12 % des dépenses de santé engagées en Ontario cette année.

Les Ontariennes et Ontariens, tout comme l'ensemble de la population du pays, s'attendent à ce que le gouvernement fédéral soit un véritable partenaire quant au financement des soins de santé et des programmes sociaux en s'engageant à la même part des coûts qu'il assumait en 1994-1995. Transfert canadien en matière de santé et de programmes sociaux, c'est-à-dire la financer 18 % des dépenses provinciales et territoriales par l'entremise du même part des coûts qu'il assumait en 1994-1995.

A la défense de l'Ontario

Le premier rapport d'étape de la Société ontarienne SuperGrossesse, que je dépose aujourd'hui, comprend des précisions sur les activités réalisées jusqu'à présent dans le cadre de l'initiative SuperGrossesse.

Par ailleurs, grâce au contrat passé récemment par le gouvernement provincial et la Société British Energy pour la prise à bail de la centrale nucléaire Bruce, ce bien provincial, qui était en partie inactif, sera revitalisé et ramis en service. Ce partenariat permettra également de préserver des emplois dans un grand nombre de collectivités situées dans la péninsule Bruce et stimulera l'économie de la région.

Nous avons démontré que les partenariats entre les secteurs public et privé donnent de bons résultats. La vente de l'autoroute 407 au secteur privé, une transaction qui constitue le plus vaste projet de privatisation d'une route jamais réalisée au monde, a généré 3,1 milliards de dollars pour le Trésor de l'Ontario. De plus, les travaux de prolongement de l'autoroute, qui se poursuivent, ont créé plus de 6 000 emplois. Ces travaux contribuent à réduire l'encombrement des routes, facilitant ainsi les déplacements des biens et des personnes dans la région.

du grand Toronto.

L'établissement de partenariats nous aide aussi à améliorer le système d'enseignement postsecondaire en vue de relever les défis de demain. De concert avec les établissements d'enseignement postsecondaire, le secteur privé et 73 000 places dans les collèges et universités, de sorte que tous les Ontariens et toutes les Ontariennes qui le veulent et qui en sont capables puissent poursuivre d'autres partenariats, nous avons affiche 1,8 milliard de dollars à la création de toutes ces partenariates. Ces partenariats un montant record de 1 milliard de dollars pour cette année, nous investissons un montant record à l'Infrastucture ontarienne.

Cette année, nous investissons un montant record de 1 milliard de dollars pour élargir et renouveler l'Infrastucture routière de l'Ontario. Cet investissement important ouvrira la voie au développement économique du Nord de l'Ontario, car il permettra d'accélérer l'élargissement à quatre voies des routes 11 et 69.

La Société ontarienne SuperCrosisante représente une toute nouvelle approche en matière de planification des immobilisations et de dépenses en immobilisations du gouvernement. Cette approche se fonde sur la croissance que les partenariats entre les secteurs public et privé peuvent faciliter la construction d'infrastructures publiques de la façade la plus rentable et la plus productive qu'il soit.

Les soins de santé restent en tête de liste de nos priorités. Grâce à divers partenariats, nous investissons plus de 1,8 milliard de dollars dans la modernisation des hôpitaux de la province et la prestation de soins qui répondent aux normes les plus élevées.

Investissement dans l'infrastructure de la province

Le budget de 2000 proposait également l'instauration d'un crédit d'impôt de 10% relatif aux options d'achat d'actions accordées aux employés pour le développement de la recherche et l'implantation de l'impôt-santé des employeurs sur les options d'achat d'actions offertes par les entreprises à fort coefficient de recherche. De manière, nous avions proposé un nouveau crédit d'impôt de 20% qui s'applique aux investissements dans les fonds offerts vers la recherche. Nous prenons ces mesures afin d'aider et de garder des travailleurs dans une économie axée sur le savoir hautement concurrentielle.

Par exemple, dans le budget de 2000, il a annoncé que nous allions tripler le budget du Fonds ontarien pour l'innovation pour le porter à 750 millions de dollars. Ainsi, des fonds de contrepartie seront mis à la disposition des établissements de recherche de l'Ontario financés entre autres par la Foundation canadienne pour l'innovation, créée par le gouvernement fédéral.

L'Ontario : figure de proue dans le domaine des réductions d'impôt

La stratégie que nous avons adoptée pour renforcer notre compétitivité

économique est toujours axée sur les réductions d'impôt. Nous constatons avec plaisir que le gouvernement fédéral reconnaît enfin les avantages des réductions d'impôt et qu'il suit l'exemple de l'Ontario en commençant à diminuer les impôts sur le revenu des particuliers et des sociétés. Cependant, Ottawa doit faire encore plus pour que les taux d'imposition au Canada soient concurrentiels avec ceux d'autres territoires, particulièrement les États-Unis.

Et nous avons mis le gouvernement fédéral au défi d'offrir des réductions équivalentes. Dans le document *Énoncé économique et misé à jour budgétaire qu'il a déposé le 18 octobre 2000*, le gouvernement fédéral a relevé ce défi.

Parce que nous assurer que les contribuables ont toutes les mêmes protéctions plurielles de cette mesure, nous sommes aussi disposés à accélérer la mise en oeuvre de la réduction du taux d'imposition des gains en capital. Aujourd'hui, j'annonçais que nous mettrions en place un régime en oeuvre le taux d'inclusion des gains en capital de 50 %; cette mesure est retroactive au 18 octobre 2000.

En sorte une fois, nous avons dû déferter le gouvernement fédéral de soutenir lui aussi ce secteur crucial. Et encore une fois, Ottawa a emboîté le pas, proposant la mise en oeuvre d'un crédit d'impôt pour actions accrédiatives.

J'annonçe aujourd'hui que l'Ontario se propose d'instaurer un crédit d'impôt pour actions accrédiatives de 5 % équivalent au crédit d'impôt du gouvernement fédéral et retroactif au 18 octobre 2000.

des Mines. C'est notamment grâce à leur dévouement et à leur persévérance que le gouvernement fédéral a décidé de prendre des mesures pour soutenir cet important secteur et nos collectivités du Nord.

Introduction

Merci, Monsieur le Président.

Dans le budget de 2000, nous avons déclaré que la croissance économique de l'Ontario était plus vigoureuse et plus rapide que prévu.

Aujourd'hui, notre économie continue de croître plus rapidement que celles de tous les pays du G-7. Nos entreprises continuent de créer des emplois à un rythme soutenu. Grâce à leur travail ardu, les Ontariennes et Ontariens continuent d'améliorer leurs perspectives d'avenir.

Ce sont là d'importantes réalisations. Cependant, pour demeurer compétitive, l'Ontario ne doit pas se réposer sur ses lauriers.

Viguerie économique de l'Ontario : les réductions d'impôt sont essentielles à la croissance

Certaines personnes croient que les réductions d'impôt contribuent au succès économique à réduire les impôts il y a cinq ans.

Nous nous attendons à ce que dès la fin de l'année, nos recettes fiscales soient de 14 milliards de dollars supérieures à ce qu'elles étaient lorsqu'en nous avons commencé à réduire les impôts il y a cinq ans.

Le PIB réel de l'Ontario a augmenté de 6,1 % en 1999, une croissance plus élevée que celle enregistrée dans le reste du Canada, aux États-Unis et dans les autres pays du G-7.

D'après les projections budgétaires faites dans le budget de 2000, l'économie de la province devrait croître de 4,6 % en 2000 et de 3,1 % en 2001. En fait, complète tenu des résultats exceptionnels enregistrés jusqu'à présent en 2000, les analystes du secteur privé estiment que l'Ontario affichera une croissance de 5,5 % cette année, et de 3,7 % en 2001.

La vigueur de la création d'emplois témoigne du dynamisme de l'économie. Jusqu'à maintenant, cette année, l'Ontario compte 184 000 emplois de plus que l'an dernier à la même période. Depuis septembre 1995, l'Ontario a créé 830 000 emplois nets, soit plus de la moitié de tous les emplois créés au pays au cours de la même période.

Nous sommes dévenus et nous restons, Monsieur le Président, le chef de file pour ce qui est de la création d'emplois au Canada.



The Statement to the Legislature, by the Honourable Ernie Eves, is available in English.

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Le 4 décembre 2000

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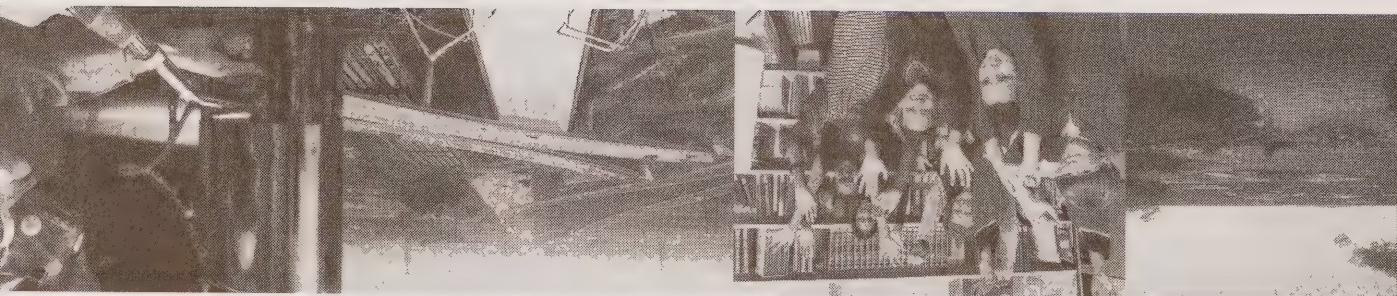
par l'honorable Ernie Eves, c.r.

membres de l'Assemblée législative de l'Ontario

Présenté aux

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L'honorable Ernie Eves, C.R.

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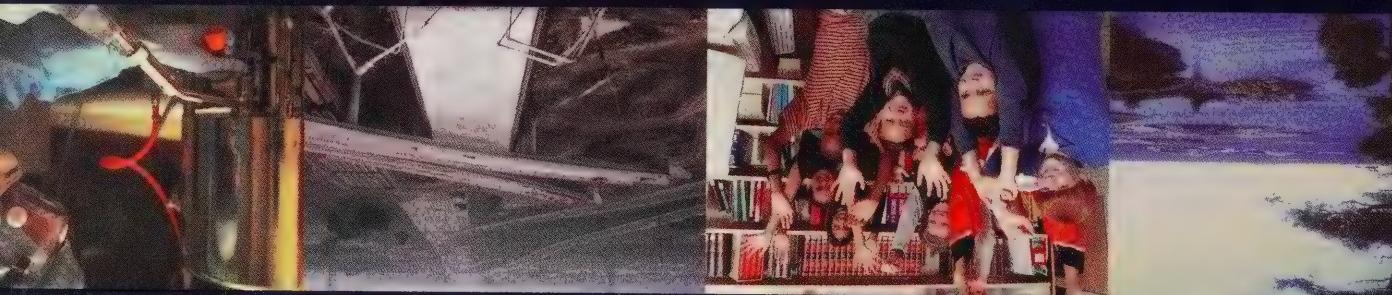


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The Honourable James M. Flaherty
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ISSN 1483-5967

Ce document est disponible en français sous le titre :
Perspectives économiques et revue financière de l'Ontario de 2001



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Introduction

A strong economic foundation is helping Ontario weather the current downturn in the world economy. The prospects for a return to healthy and sustainable economic growth remain solid.

Worldwide economic growth slowed considerably in the first half of 2001. The resurgence expected for the North American economy in the second half of the year was set back by the terrorist attacks of September 11.

These global forces have had an impact on Ontario. Our economy is expected to grow but at a slower rate than forecast in the 2001 Budget. On average, private-sector forecasters now expect growth of 1.1 per cent for Ontario this year and 1.3 per cent in 2002. For 2003, private-sector forecasters expect growth to accelerate to a strong pace of 4.3 per cent.

While the current economic environment is difficult, over the past six years the government has put in place policies that will help to bring a rapid resumption of strong economic growth. Cutting taxes, balancing the budget, renewing infrastructure, investing in education, removing barriers to growth, and strengthening incentives to work, invest and innovate: all of these measures are reinforcing the foundation for a healthy economy and a rising standard of living.

Since 1995, strong leadership and effective management have returned the Province to a sound financial footing. Ontario now has more fiscal flexibility to face the challenge of a period of slower economic growth. The government balanced its budget for two consecutive years in 1999-2000 and 2000-01, the first time the Province has had back-to-back surpluses in more than half a century. Last year the Province paid down its debt by \$3.1 billion, the largest repayment of debt in its history. Ontario is on track to record a third balanced budget in the current fiscal year.

The first section of this document discusses the performance and status of Ontario's economy. The second section discusses Ontario's economic outlook. The third section updates the Province's fiscal outlook. The final section reviews the policy framework that has contributed to Ontario's strong economic and fiscal outlook. A statistical appendix is also included.

2001 Ontario Economic Outlook and Fiscal Review

A: Ontario's Economic Performance

Over the last six years, the government has worked to establish a solid basis for economic growth and a high standard of living by:

- cutting taxes to create an economic environment that rewards hard work and entrepreneurship;
- investing in infrastructure, innovation and education to enhance Ontario's attractiveness for investment and job creation;
- eliminating unnecessary red tape to support business expansion; and
- implementing a sound fiscal framework through balanced budgets, responsible spending and debt reduction.

These policies have helped to make Ontario a growth leader since 1995. Vigorous and balanced economic growth since 1996 allows Ontario to face the current slowdown from a position of strength.

- Ontario's strong productivity growth provides the basis for rising living standards.
- Ontario's diversified and innovative economy provides a healthy base even as key sectors face serious challenges.
- Ontario's strong job creation record since 1995 provides confidence that the province's economic future will be equally bright. Men, women and youth have benefited, and employment has increased in all regions of the province.
- Ontario's businesses and talented, well-educated labour force have been competing successfully in world markets and Ontario will benefit as those markets grow strongly in the medium term.

SAFETY AND PROSPERITY

"We will continue taking the strong action necessary to keep Ontario safe and prosperous. The people of Ontario expect their government to do everything possible to protect their families and ensure that our economy grows and creates jobs—we will meet their expectations."

Premier Mike Harris, 2001

"By working together with our colleagues in Ontario, we will overcome the tragedy and continue to create more jobs and opportunities on both sides of the border. Our close ties and strong economic links, along with the courageous and resilient spirit of our people, will prevail over this cowardly act of hatred."

New York Governor George Pataki, 2001

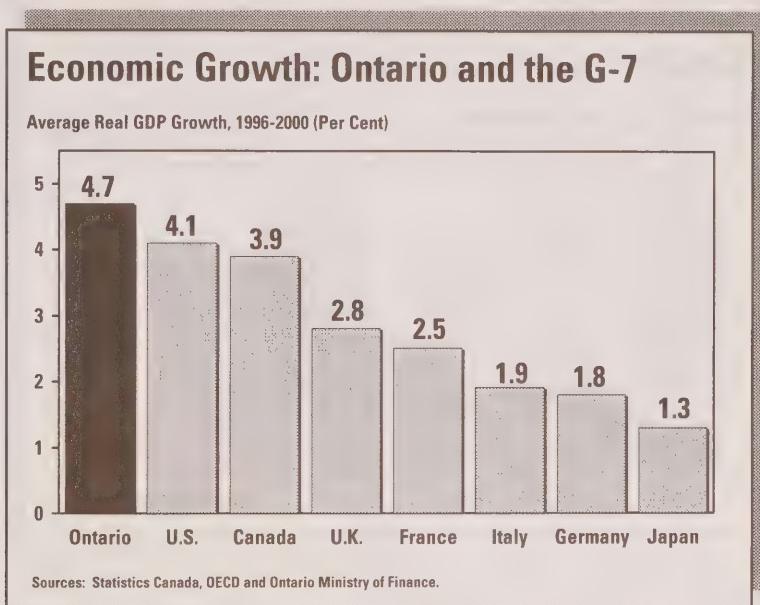
As a result of the strong growth and prudent fiscal planning since 1995, Ontario is better positioned than ever before to manage the economic impact of events such as the attacks of September 11. Following these tragic events, the government is taking further steps to protect Ontario's people and economy by:

- proposing to accelerate to October 1, 2001 the personal and corporate income tax rate cuts and the capital tax deductions originally planned for January 1, 2002, including an increase in the small business income threshold to \$280,000;
- appointing Norman Inkster, retired commissioner of the RCMP, and retired Major-General Lewis MacKenzie as security advisers to the provincial government; and
- investing over \$30 million in Ontario's security through anti-terrorism and emergency management measures including a rapid-response unit of the Ontario Provincial Police to combat terrorist threats and an emergency management training centre at the Ontario Fire College.

To protect Ontario's trade and economic growth potential, the government called for the harmonization of rules and customs procedures with the United States and the creation of a common North American security perimeter.

Ontario Leads Economic Growth

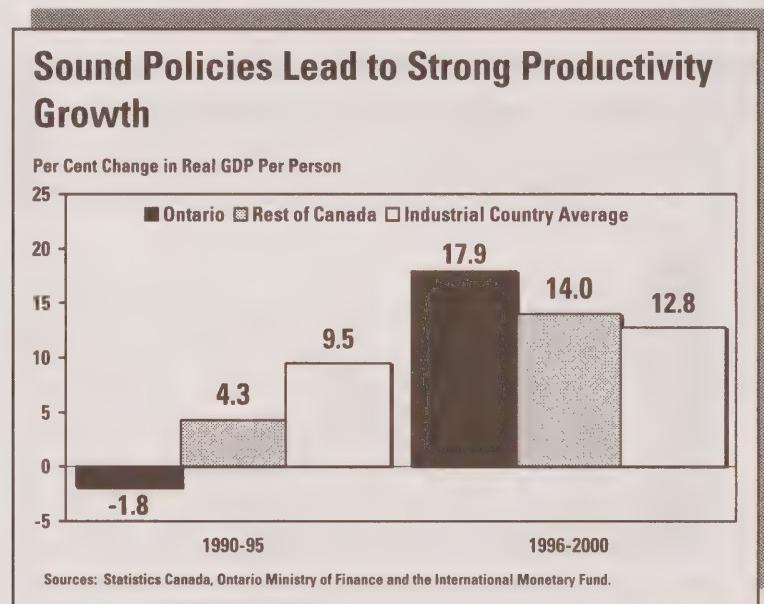
Ontario's record of strong and broadly based economic growth positions the province to successfully face the current economic challenge. Ontario's real GDP grew by 26 per cent, an average of 4.7 per cent per year, over the 1996-2000 period. This was a dramatic turnaround from the slow growth of the early 1990s. Over this period, Ontario's growth was much stronger than that of any G-7 nation and was also the fastest-growing provincial economy in Canada.



- Strong domestic demand, supported by tax cuts and job creation, has been the main engine of economic growth. Consumer spending, accounting for 43.6 per cent of Ontario growth, and business investment, accounting for 22.9 per cent of growth, have played the leading roles.
- Ontario's international and interprovincial trade performance has also been impressive. Both imports and exports have grown strongly over the last five years. Exports have increased by 43.6 per cent, while imports have grown by 42.3 per cent. Ontario's competitive export industries are well positioned to benefit from future growth in global demand.

Productivity Growth: Ontario Goes from Worst to First

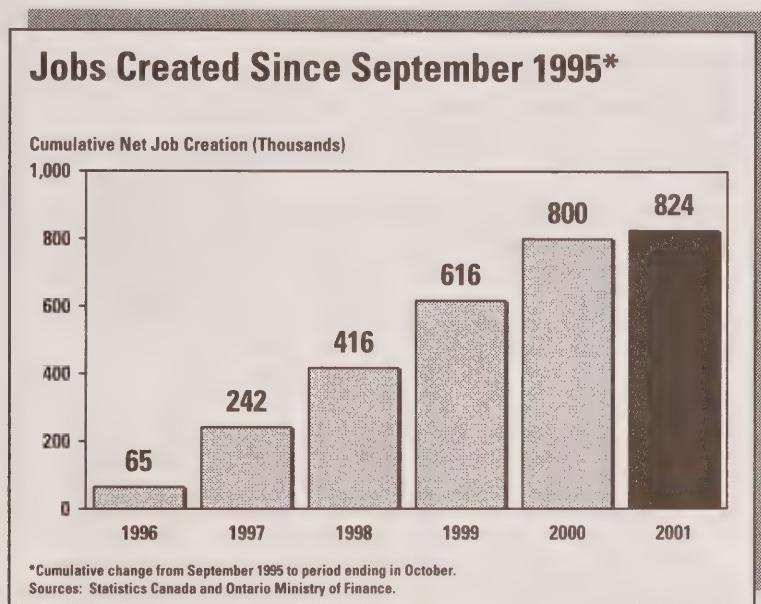
Rising productivity is the only enduring way to achieve an improving standard of living. The broadest measure of an economy's productivity is the growth in real GDP per person. Since 1996, Ontario's growth has exceeded that of the rest of Canada, the United States, and the average of the industrialized countries. This is thanks to both strong job creation and rapid growth in output per worker.



- International economic studies show that cutting taxes on personal and business income leads to significant increases in long-run productivity growth.
- Cutting income taxes invigorates an economy. It gives both entrepreneurs and employees the incentive to try harder to achieve success and earn higher incomes because they will be able to keep a larger part of what they earn. Lowering business taxes also leads to increased investment, higher productivity and higher incomes for Ontario workers.
- Productivity gains result from investment in equipment, technology and knowledge; from innovation that creates new products and new ways of working; and from agile industry that continually seeks the best opportunities. These are the hallmarks of Ontario's economy.

A Foundation of Strong and Broadly Based Job Creation

Since September 1995, the Ontario economy has generated 824,200 net new jobs. The combination of effective policies and global economic growth led to record job creation of 558,700 for the province in the three years from 1998 to 2000. In response to a significant global slowdown, Ontario job creation has moderated to 106,300 in the first 10 months of 2001, compared to the same period a year ago.

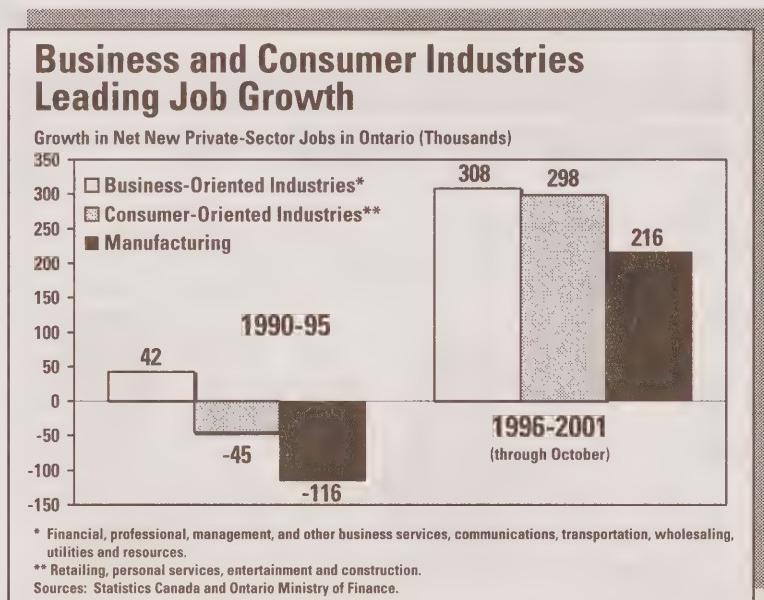


Job prospects have improved right across the economy. Men, women and youth have all benefited, and employment has increased in all regions of the province.

- Between 1998 and 2000, Ontario youth gained 113,200 net new jobs, more than in any other three-year period on record. The youth unemployment rate fell substantially, from 16.4 per cent in 1997 to 11.8 per cent in 2000. Despite the recent slowdown in the economy, youth continued to see positive job growth in the first 10 months of 2001, up by 6,700 from the same period a year ago.
- Since September 1995, employment increased in all five of Ontario's regional economies: 472,400 net new jobs in the Greater Toronto Area; 182,900 in Central Ontario; 102,800 in Eastern Ontario; 75,100 in Southwestern Ontario; and 5,000 in Northern Ontario (regional figures are seasonally adjusted, three-month moving averages).

Diversified and Resilient Economy

Ontario's diversified industrial base produces a wide range of goods and services for both domestic and foreign markets. The province's positive economic climate provides a foundation of underlying strength and competitiveness for business in Ontario.



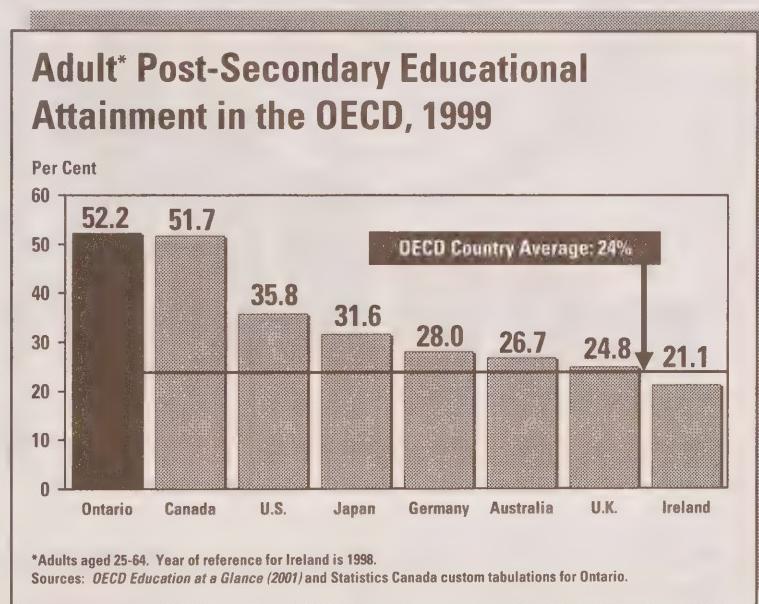
- Low interest rates and tax cuts are helping to sustain domestic spending and production, despite the setback that industries such as telecommunication equipment have experienced. Consumer-oriented industries, such as retailing and construction, have been a major source of job growth since 1995.
- Small and medium-sized enterprises (SMEs) remain confident about Ontario's economic outlook. They are benefiting greatly from Ontario's tax cuts, its pro-growth business climate and the increase in domestic spending. SMEs have accounted for more than half of Ontario's job creation since 1995.
- Through good times and bad, Ontario's manufacturing sector has continued to demonstrate its competitive edge. Since 1995, Ontario has outperformed all other jurisdictions in Canada and the United States in manufacturing job creation, with widespread gains in the automotive, electrical products, furniture and pharmaceutical industries.

Highly Educated Workforce Provides a Strong Skills Base

A skilled workforce is critical to Ontario's economic success in a constantly changing global environment.

Ontario has the highest share in the OECD of adults with completed post-secondary education, at 52 per cent. Post-secondary education includes university and college credentials, and college-based apprenticeship and training.

In university credentials alone, Ontario ranks third, behind the United States and Norway. Canada ranks fifth. In college education, apprenticeship and other training credentials, Canada and Ontario rank at the top.



- The skills acquired by Ontario university and college graduates are being applied in the workplace. Surveys of Ontario graduates have found that six months after graduation in 1998, three-quarters of university and college graduates considered their work to be related to their program of study.

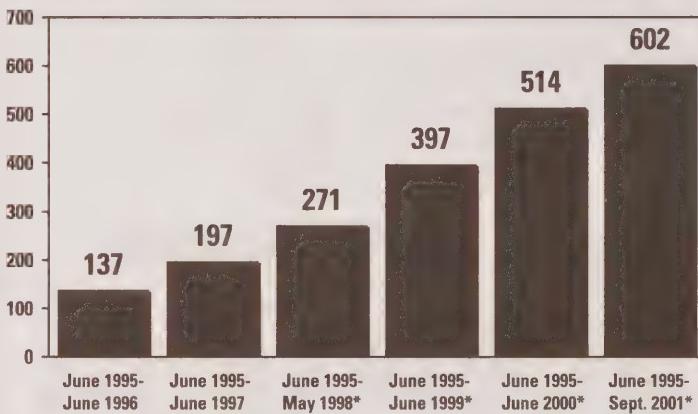
Welfare Decline Means More Self-Reliant Population

Welfare reforms have encouraged self-reliance by breaking through barriers that fostered dependence. A spirit of independence is important for promoting opportunities and economic growth.

Ontario Works, the Province's mandatory work-for-welfare program, gives participants the chance to upgrade their education, get job training and gain valuable work experience. At the same time, the welfare system remains a safety net for those who truly need it.

Exit from Welfare Continues

Cumulative Number of People off Welfare (Thousands)



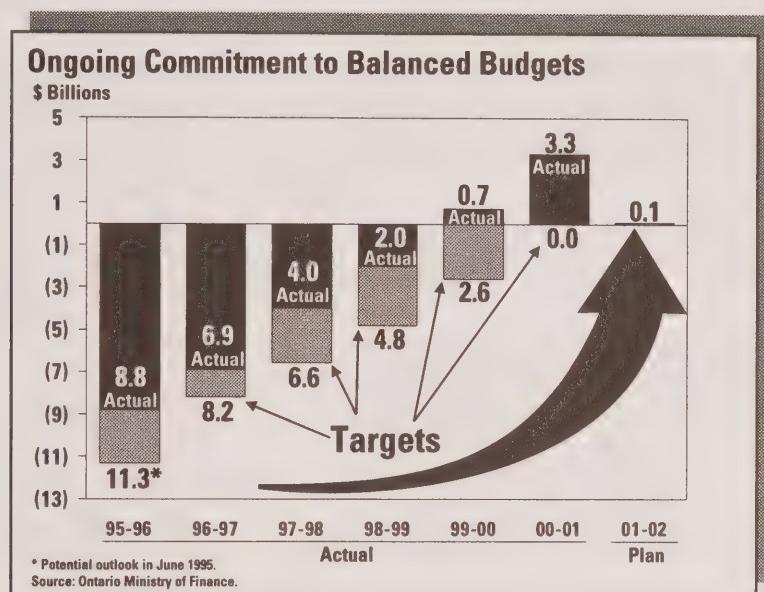
*As of June 1998, people with disabilities are not counted in the welfare data.

Source: Ontario Ministry of Community and Social Services.

- Welfare reforms, along with strong job growth, have driven Ontario's success in lowering welfare dependence every year since June 1995. The welfare rolls are now lower by more than 600,000 people, both adults and children.
- This success in lowering the welfare caseload since 1995 is in sharp contrast to the experience in the 1980s when it grew even as the economic boom generated jobs and reduced unemployment.

Balancing the Budget

Disciplined fiscal policy resulting in balanced budgets and debt repayment means that Ontario can confront the fiscal impact of slower economic growth in 2001 from a position of strength and flexibility.



The government's November 1995 Fiscal and Economic Statement set out a Balanced Budget Plan of declining annual deficit targets, culminating in a balanced budget in 2000-01.

- The government has overachieved its deficit and debt reduction targets in each of the past six years.
- Ontario achieved a \$668 million surplus in 1999-2000, and a \$3.3 billion surplus in 2000-01. Ontario remains on track to balance the budget in 2001-02.
- Net Provincial Debt was reduced by a record \$3.1 billion in 2000-01, following a reduction of \$1 billion in 1999-2000.
- Passage in 1999 of the *Taxpayer Protection Act* and *Balanced Budget Act* will help ensure that future fiscal responsibility is maintained.

Section C reports on Ontario's fiscal performance in the current year, 2001-02.

B: Ontario's Economic Outlook

Ontario's economy is experiencing a slowdown, reflecting weaker global growth and the negative impact of the terrorist attacks on the United States. Sound economic policies will help Ontario through these difficult circumstances and provide a solid foundation for renewed healthy economic growth.

As in previous years, the fall economic outlook reports on the average of private-sector forecasts for the Ontario economy. These provide a good framework for our Budget consultations and planning. Ontario will present its prudent set of planning assumptions when a budget is introduced next spring.

**Private-Sector Forecast for Ontario Economy
(Annual Average)**

	1999	2000	2001p	2002p	2003p
Real GDP Growth (per cent)	7.4	5.3	1.1	1.3	4.3
Unemployment Rate (per cent)	6.3	5.7	6.3	7.1	6.6
CPI Inflation (per cent)	1.9	2.9	3.3	2.0	2.0

p = private-sector survey average.

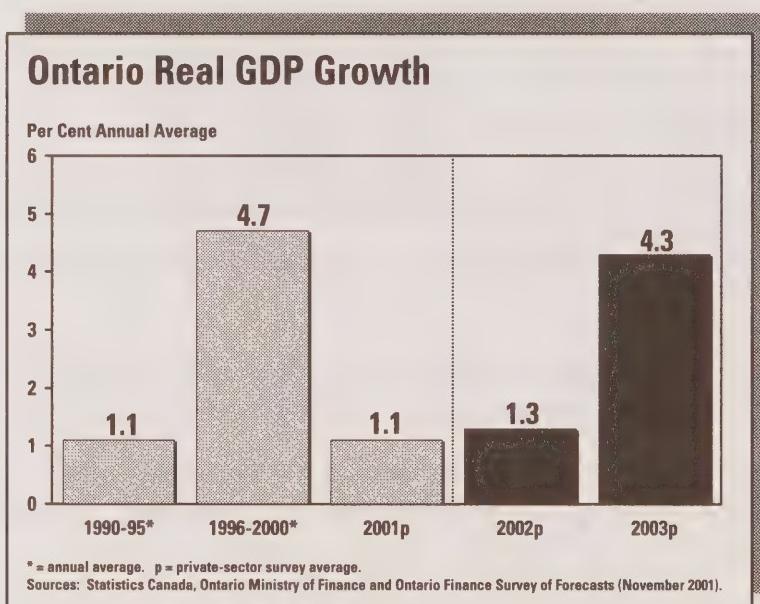
Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Finance Survey of Forecasts (November 2001).

- Private-sector economists expect economic growth to be moderate this year and next, with real GDP rising by 1.1 per cent in 2001 and 1.3 per cent in 2002.
- Forecasters expect economic growth to climb to 4.3 per cent in 2003. A sharp reduction in interest rates, combined with cuts to personal and corporate income taxes and sound fiscal management, create a climate conducive to stronger growth.

Economic Growth to Rebound

Most private-sector forecasters expect growth to rebound strongly. A number of factors are expected to boost growth by mid-2002.

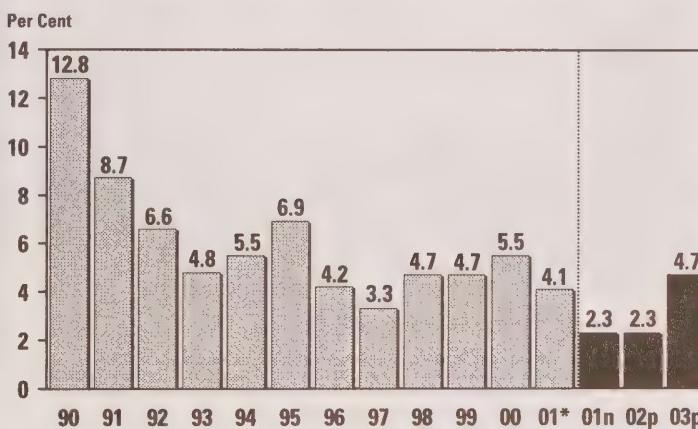
- Low interest rates will reduce operating costs for business and encourage spending on consumer durables and home construction.
- Tax cuts at the provincial and federal level will increase household take-home pay.
- U.S. economic growth is expected to strengthen, reflecting the stimulus from tax cuts and increased defence and security spending.
- A fall in oil and natural gas prices will free up household disposable income for other purposes and reduce business costs.



Near-Record Low Interest Rates Will Boost Growth

Interest rates are expected to remain low throughout 2002 and 2003. Faced with evidence of slower economic growth, the U.S. Federal Reserve began to reduce interest rates early in 2001. Rates were cut further immediately after September 11. As of early November, interest rates have been lowered by 400 basis points, including a reduction of 100 basis points following the terrorist attacks. The Bank of Canada has also responded, easing interest rates by 300 basis points so far this year. Lower borrowing costs are positive for households and businesses. They encourage spending on consumer durables and housing as well as business investment and job creation.

Three-Month Canadian T-Bill Rate



- The Canadian three-month treasury bill rate is currently near 2.3 per cent, the lowest level in 40 years. Private-sector forecasters expect the three-month treasury bill rate to fall further. As economic growth strengthens in mid-2002, interest rates are expected to rise.

Canadian Interest Rate Outlook (Annual per cent)

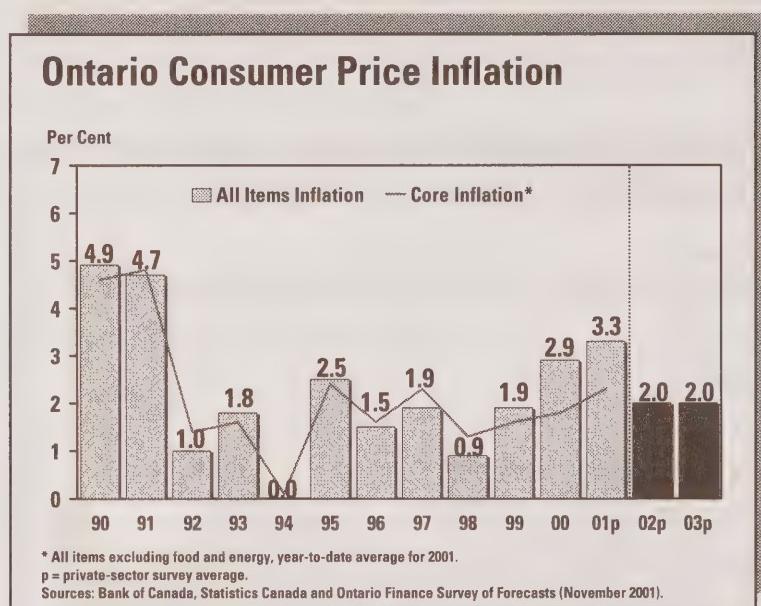
	2001		2001		
	2000	Jan-Oct	November	2002p	2003p
3-month treasury bill rate	5.5	4.1	2.3	2.3	4.7
10-year government bonds	5.9	5.5	4.9	5.2	5.9

p = private-sector survey average.

Sources: Bank of Canada and Ontario Finance Financial Market Survey (November 2001).

Inflation Easing

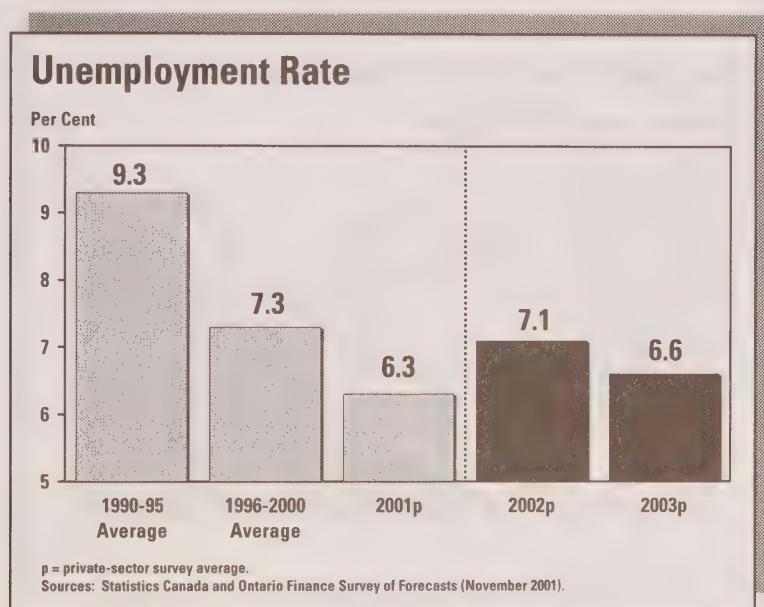
Economic forecasters expect Ontario's CPI inflation rate to drop to 2.0 per cent in 2002 and 2003. The rise in inflation to 2.9 per cent in 2000 and 3.3 per cent in 2001 has largely been the result of the past rise in energy prices. Core CPI inflation (all items excluding food and energy) remains near the mid-point of the Bank of Canada's target range of one to three per cent.



- In Ontario, the year-over-year CPI inflation rate was 3.1 per cent in September 2001. Removing the impact of energy and food prices, the CPI inflation rate would have been 2.5 per cent.
- Crude oil prices, as measured by the price of West Texas Intermediate (WTI), have fallen by a third to \$22 US per barrel recently. This has contributed to a nearly 15 cents per litre reduction in Ontario's average gasoline pump price since November 2000. Private-sector forecasters expect oil prices to be around \$24 US by the end of October 2002 and to remain near the mid-point of OPEC's target range of \$22 US to \$28 US through 2003.
- The core rate of CPI inflation has remained stable, averaging 2.3 per cent during the first nine months of 2001.
- Ontario wage settlements have remained moderate, with base wages increasing an average of 2.2 per cent in 1999, 2.5 per cent in 2000 and 3.0 per cent during the first eight months of 2001.

Near-Term Job Creation Moderates

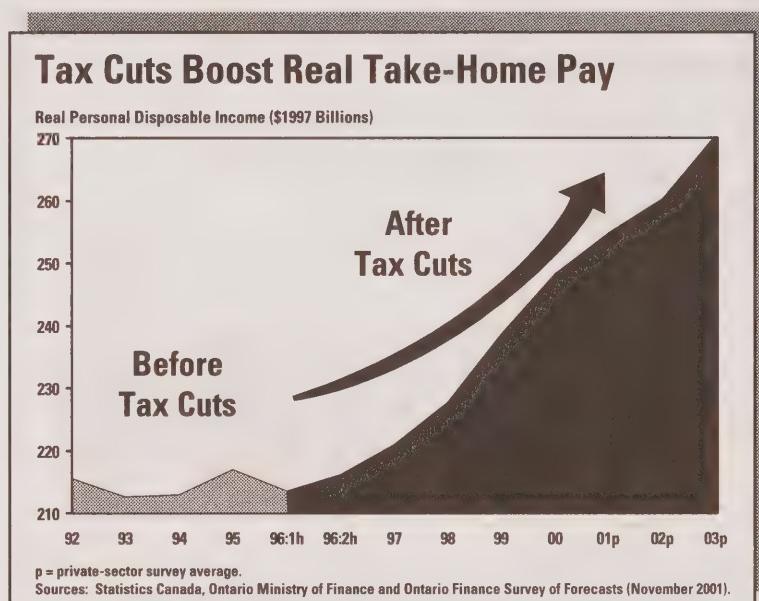
Ontario created a record 558,700 jobs during the 1998-2000 period, the strongest three-year period of job creation in the province's history. Slower economic growth globally has limited job creation in Ontario in 2001. Private-sector forecasters expect job creation to remain moderate through 2002 but to enjoy a healthy increase in 2003. Government policies supporting the incentive to work and invest have established a positive climate for strong job creation over the medium term.



- Since September 1995, the Ontario economy has generated 824,200 net new jobs, or 48.1 per cent of the total job gains in Canada.
- Recent months have seen a pause in Ontario's stellar job creation performance. Private-sector forecasters project annual job growth of up to 1.5 per cent for 2001, up to 0.9 per cent in 2002, and up to 2.7 per cent in 2003.
- Private-sector forecasters expect the unemployment rate to rise from 6.3 per cent in 2001 to 7.1 per cent in 2002, and then fall to 6.6 per cent in 2003. The unemployment rate is expected to remain well below the 1990-95 experience when it averaged 9.3 per cent.

Tax Cuts and Low Interest Rates to Bolster Consumer Spending

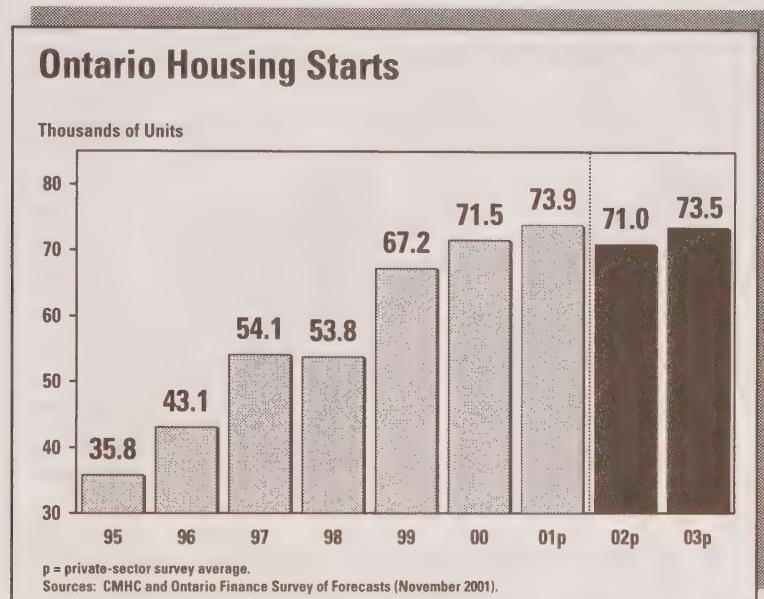
The growth of consumer spending moderated in 2001, in part reflecting a pause from the high level of auto sales in previous years. The tragedies of September 11 caused a setback to consumer confidence and spending. As the economy recovers and people feel more secure, households will become more confident and spending patterns will return to normal. Consumer spending is expected to strengthen further over the next two years, supported by continuing tax cuts, income gains and low interest rates.



- Ontario real take-home pay has risen 18.6 per cent since the provincial government began cutting taxes, much stronger than the 11.1 per cent increase seen in the rest of Canada during the same period.
- Private-sector forecasters on average expect real disposable income to rise by 2.1 per cent in 2002, after a 2.6 per cent rise in 2001. Growth in real after-tax income is expected to accelerate to 3.9 per cent in 2003 as the economy strengthens and job gains improve.
- Real consumer spending is expected to increase by 1.9 per cent in 2002, following a 1.4 per cent advance in 2001, according to private-sector forecasts. Growth in consumption is projected to pick up to 4.1 per cent in 2003, supported by stronger growth in real after-tax income.

Housing Outlook Solid

Ontario's housing market remains buoyant. Strong growth in after-tax income, a growing population and declining mortgage rates have encouraged home purchases and construction. Home resales are headed for their best year ever and housing starts are projected to reach levels not seen for more than a decade.



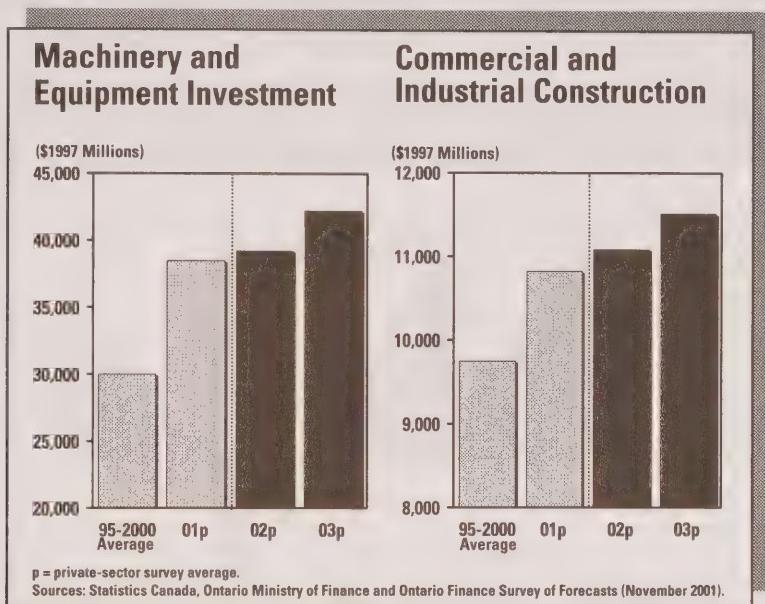
Private-sector economists expect housing starts to remain near current high levels, reaching 73,900 units this year, 71,000 in 2002 and 73,500 in 2003.

- Housing remains very affordable. Monthly carrying costs for an average-price home in Ontario are currently about \$1,007, much lower than their peak of \$1,489 in 1990. Housing costs as a share of average after-tax household income have fallen sharply, from a high of 35.5 per cent in 1990 to 22.3 per cent in 2000.
- Housing demand is being supported by strong population growth. Ontario accounted for more than 60 per cent of the nation's population growth last year, a gain of nearly 190,000. Ontario attracted almost 150,000 immigrants during the past year, a record high.
- Mortgage rates are low and are expected to fall further. Five-year mortgage rates in early November were posted at 6.9 per cent, well below the recent peak of 8.75 per cent in May 2000.

- The one-year mortgage rate is now at 4.9 per cent, compared to 8.3 per cent in May 2000.
- First-time buyers of newly constructed homes have been encouraged by Ontario's Land Transfer Tax refund. Since its introduction in 1996, the rebate has helped more than 95,000 Ontarians purchase their first home.

Corporate Tax Cuts Support Investment

The government has proposed to accelerate corporate tax cuts planned for January 1, 2002. Low corporate taxes help make Ontario the best place in North America to do business, invest and create jobs.

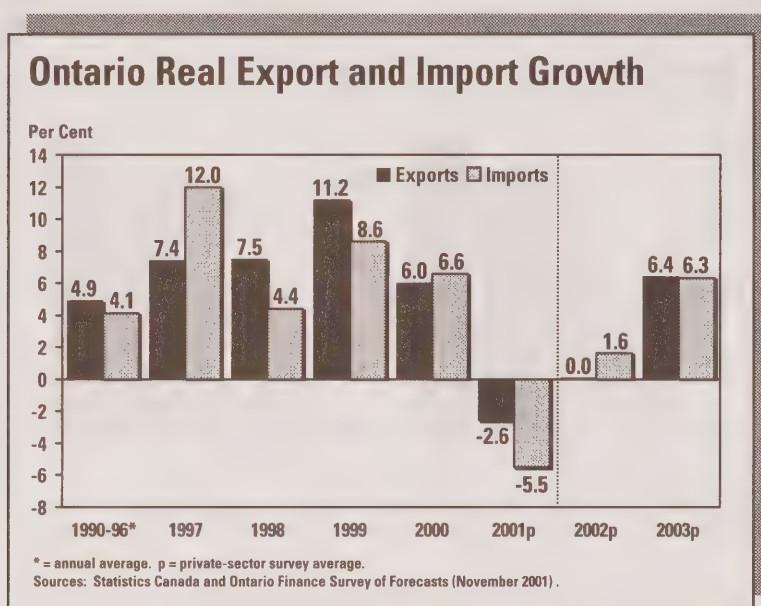


Strong investment boosts Ontario's productivity performance and enhances Ontario's competitive standing in the international economy. Because of the less certain business climate, firms are likely to be cautious in their investment spending plans in the near term. As growth accelerates through 2002 and 2003, investment spending is expected to rise sharply.

- The value of Ontario business investment in machinery and equipment almost doubled in real terms between 1995 and 2000. Real investment in commercial and industrial construction rose by about 35 per cent over the same period.
- The value of building permits issued by municipalities for total commercial, industrial and institutional construction projects rose by 6.1 per cent over the first eight months of 2001 from the corresponding period a year earlier.

Ontario Exports to Resume Growth

A return to healthy growth of the global economy will lead to rising Ontario exports. The slump in U.S. demand and the shock to the world economy from the events of September 11 have had a negative impact on Ontario's trade flows. However, Ontario's very competitive export industries are well positioned to benefit from the renewed growth in U.S. demand that tax cuts and lower interest rates will help generate.



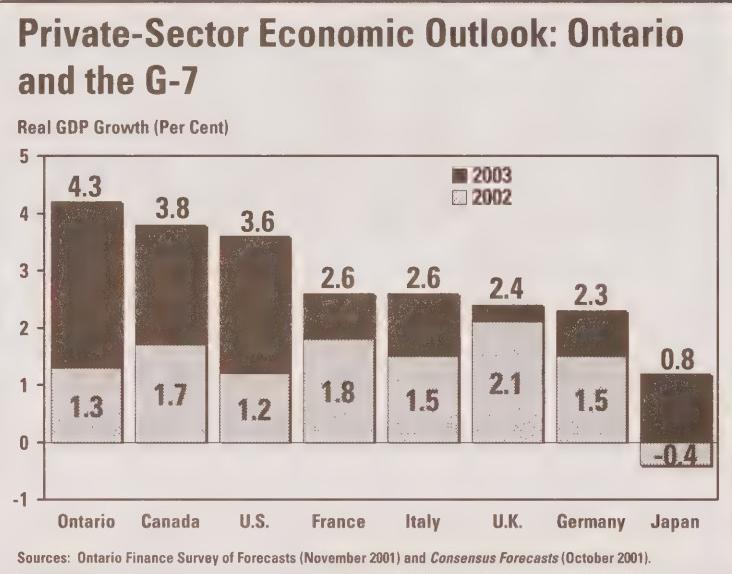
- Ontario's import and export growth over the 1990s partly reflects the increasing integration and rising regional specialization in the North American economy. The import content of our manufactured exports has been rising with this integration. Increased integration, specialization and investment in new technologies will make Ontario industries more efficient and productive.
- The low value of the Canadian dollar has for the time-being reinforced Ontario industry's competitiveness in global markets. Over the longer term, rising productivity and reduced net indebtedness are expected to cause the Canadian dollar to strengthen.
- To achieve the healthy growth in trade that private-sector forecasters expect, it will be necessary to ensure secure and efficient customs procedures with the United States.

- Since 1997, net exports (exports minus imports) have accounted for less than one-third of Ontario's total economic growth. Strong net export performance has been complemented by rapidly expanding domestic demand, providing Ontario with dynamic, well-balanced economic growth. Domestic demand is expected to continue to play a major role in Ontario's economic development.
- The volume of imports is expected to decline even more than exports in 2001, leading to an improvement in Ontario's trade balance. This reflects the fact that Ontario producers held large inventories of imported components at the beginning of the year, which they are reducing. Spending on capital equipment is also being reduced, and much of that equipment is imported.

Strong Growth Resumes in 2003

Slower global economic growth and the tragedies that occurred on September 11 are having an adverse impact on the economy. However, the essential conditions for stronger growth are in place. Business taxes are being cut. Personal income taxes have been reduced. Budgets are balanced. Interest rates are low.

Private-sector economists, on average, expect Ontario real GDP growth to accelerate, from 1.3 per cent in 2002 to 4.3 per cent in 2003. In 2003, job creation will be up, incomes will be rising and investment spending will be robust.



C: Ontario's Fiscal Plan

As a result of the government's economic and fiscal policies and its prudent and cautious approach to budgeting, the Province remains on track to balance the budget in 2001-02. This will be the first time in nearly 100 years that Ontario has balanced the budget for three consecutive years.

The slowdown in the global economy has affected Ontario, and the Province is now expecting economic growth in 2001 to be slower than forecast in the 2001 Budget. While the current economic environment is difficult, the government has put in place policies that ensure solid economic growth over the medium and longer term.

The recently released 2000-01 Public Accounts reported a record \$3.1 billion reduction in Net Provincial Debt in 2000-01—the largest single-year debt reduction in the Province's history. In just two years the government has achieved over 80 per cent of its commitment to reduce debt by at least \$5 billion during the current term of office.

This section will:

- provide an update on the Province's 2001-02 fiscal outlook, based on results for the second quarter ending September 30;
- outline the government's plan to improve public-sector accountability;
- report on Ontario's recent fiscal performance; and
- review Ontario's borrowing and debt management.

2001-02 Fiscal Outlook: Second-Quarter Update

ON TRACK FOR THIRD CONSECUTIVE BALANCED BUDGET

In 2001-02 Ontario's budget is expected to be balanced for the third consecutive year—the first time in nearly a century.

**2001-02 Fiscal Performance
(\$ Millions)**

	Budget Plan	Current Outlook*	In-Year Change
Revenue	64,270	64,112	(158)
Expenditure			
Programs	52,011	52,207	196
Restructuring and Other Charges	-	-	-
Total Program Expenditure	52,011	52,207	196
Capital	1,944	1,949	5
Public Debt Interest			
Provincial	8,795	8,736	(59)
Electricity Sector	520	520	-
Total Expenditure	63,270	63,412	142
Less: Reserve	1,000	700	(300)
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	140	140	-
Surplus / (Deficit)	140	140	-

* Second-quarter results as at September 30, 2001.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

Source: Ontario Ministry of Finance.

- Ontario's 2001-02 Budget Plan included a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook.
- With economic growth slower than projected and consistent with the role of the reserve in prudent budgeting, \$300 million of the reserve has been allocated to ensure the balanced budget target is met. The \$700 million balance of the reserve will be available for debt reduction at year end if not needed.

IN-YEAR REVENUE CHANGES

Total revenue in 2001-02 is forecast at \$64,112 million, \$158 million below the Budget Plan and First Quarter Ontario Finances outlook.

**2001-02 In-Year Changes to Revenue Since Budget
(\$ Millions)**

Changes This Quarter:

Taxation Revenue	
Personal Income Tax	250
Corporations Tax	(400)
Retail Sales Tax	(50)
Tobacco Tax	40
Total Taxation Revenue	<hr/> <u>(160)</u>
Other Revenue	2
Total In-Year Revenue Changes Since Budget	(158)

Source: Ontario Ministry of Finance.

- The government's cautious and prudent approach towards forecasting revenues has resulted in Ontario revenues being largely on track with the 2001 Budget outlook despite the lower consensus projection for economic growth.
- The forecast for Personal Income Tax (PIT) revenue has increased by \$250 million from the Budget projection primarily due to higher 2000 PIT assessments than expected at the time of the 2000-01 Public Accounts.
- The PIT increase is partially offset by the impact of slower wages and salaries growth in 2001, lower expected capital gains income arising from the decline in stock prices this year and the benefits to taxpayers of accelerating tax cuts originally planned for January 1, 2002.
- The Corporations Tax revenue forecast has been lowered by \$400 million due to lower expected profit levels this year and the acceleration of the corporate income tax cuts originally scheduled for January 1, 2002.
- The Retail Sales Tax revenue forecast has been reduced by \$50 million as a result of lower consumer and tourist spending expected in the wake of the tragic events of September 11 in the United States.

- The Tobacco Tax revenue forecast has increased by \$40 million as a result of the tax increase announced by the federal government which, under Ontario legislation, automatically increases Ontario Tobacco Tax by an equivalent amount.
- Miscellaneous Other Revenue is up \$2 million due to an increase in revenue for expanded OPP policing of Highway 407 and policing services provided by the OPP for the towns of Collingwood, New Tecumseth, Orillia and Penetanguishene.

IN-YEAR OPERATING EXPENDITURE CHANGES

Operating expenditure for 2001-02, at \$61,463 million, is up \$137 million from the Budget Plan and First Quarter Ontario Finances outlook. Increased funding for hospitals across the province and one-time payments to low- and middle-income working families with young children were partially offset by one-time underspending and lower public debt interest costs.

**Summary of 2001-02 In-Year Operating Expenditure Changes Since Budget
(\$ Millions)**

Changes This Quarter:

Hospitals—Increased Funding	300
Less: Offsets	(162)
Net Change	138
One-Time Payments to Low- and Middle-Income Working Families with Young Children	37
Tourism Marketing Strategy	10
Counterterrorism and Emergency Management Strategies	10
PDI—Savings	(59)
Other (Net)	1
Total In-Year Operating Expenditure Changes	137

Source: Ontario Ministry of Finance.

- Funding for hospitals across the province has increased by \$300 million in-year to better address the changing and rising costs of caring for patients. This increase is partially offset by \$73 million in one-time underspending and ongoing administrative efficiencies in the Ministry of Health and Long-Term Care and \$89 million from the Contingency Fund.
- An additional \$37 million has been provided in-year for one-time payments to low- and middle-income working families with children under the age of seven.
- An additional \$10 million has been provided in-year to launch an enhanced tourism marketing campaign.
- Expenditures increased \$10 million in-year to fund the Province's counterterrorism and emergency management strategies.
- Public Debt Interest costs are down \$59 million due to lower-than-expected interest rates and cost-effective debt management.

IN-YEAR CAPITAL EXPENDITURE CHANGES

The capital expenditure outlook for 2001-02, at \$1,949 million, is up \$5 million from the Budget Plan and First Quarter Ontario Finances outlook.

Summary of 2001-02 In-Year Capital Expenditure Changes Since Budget (\$ Millions)

Changes This Quarter:

Victims' Justice Action Plan	3
Grants to Universities—to increase capacity at medical schools	1
Anti-Terrorism and Emergency Management Training Facilities	1
Total In-Year Capital Expenditure Changes	5

Source: Ontario Ministry of Finance.

- Capital expenditure has increased \$3 million in-year due to a transfer from operating expenditure to capital for the Victims' Justice Action Plan.
- An in-year increase of \$1 million in the Ministry of Training, Colleges and Universities is due to capital expenditure related to increased medical student enrolment, transferred from Ministry of Health and Long-Term Care operating expenditure.
- An additional \$1 million has been provided in-year towards the building of an anti-terrorism training facility at the Ontario Police College and an emergency management training centre for first responders at the Ontario Fire College.

Accountability: Progress through Performance

"Accountability does not end when the books are balanced. True accountability goes far beyond the numbers."

Ontario Budget, 2001

Accountability is not a new concept. This government initiated the process of improving accountability practices in 1995 by establishing the Ontario Financial Review Commission (OFRC), which made recommendations on the Province's accounting, reporting and financial management practices.

Some of the accountability measures undertaken by the government since 1995 include:

- introduction of annual ministry business plans that outline the core activities of the ministry, set performance goals each year and report on the results;
- adoption of Public Sector Accounting Board recommendations in the preparation of the Budget, Quarterly Finances and Financial Statements of the Province;
- introduction of Management Board of Cabinet Directives on Accountability (1997) and Transfer Payment Accountability (1998); and
- passage of the *Taxpayer Protection Act, 1999* and *Balanced Budget Act, 1999*.

These measures have dramatically improved accountability to the citizens of Ontario. However, this government is committed to continuous improvement in accountability practices and as part of that process, the government reconvened the OFRC in 2000. At that time the OFRC made recommendations on the financial management, decision-making and reporting practices of the government's key transfer partners in the broader public sector.

Some of the measures the government will undertake to raise the bar on accountability include:

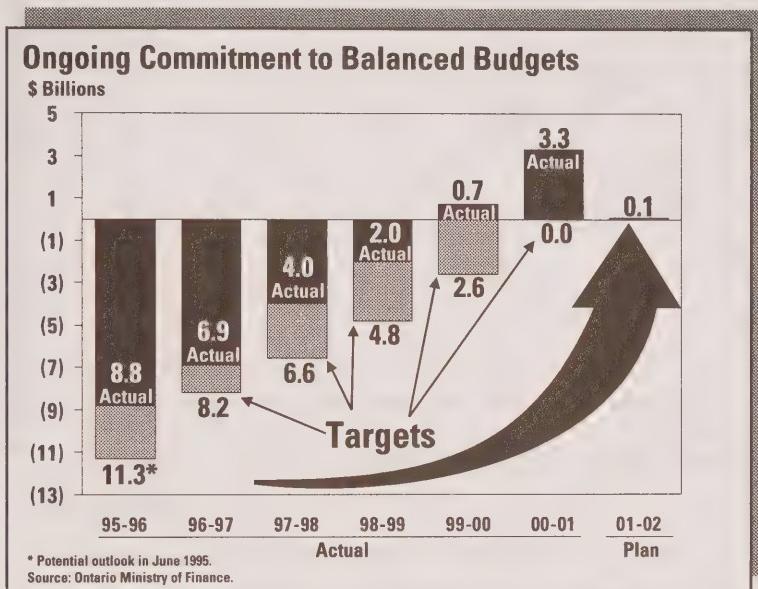
- bringing forth amendments to the *Audit Act, 1990* to empower the Provincial Auditor to ensure that institutions funded by Ontario taxpayers use that money prudently and effectively;
- implementing program evaluation that will incorporate the principle of zero-based budgeting as part of the annual business planning process; and
- supporting initiatives in major sectors, such as independently produced report cards for hospitals and the proposed new Municipal Act.

The government will continue to strive to make its operations more efficient and accountable. As more than 80 per cent of the Province's program and capital spending is in the form of transfer payments to organizations and individuals, the government will continue to work with the broader public sector to achieve our common goals as a society. The ultimate success of our efforts will depend on the willingness of all parties to work towards improved accountability to the citizens of Ontario.

Ontario's Fiscal Performance

BALANCED BUDGETS

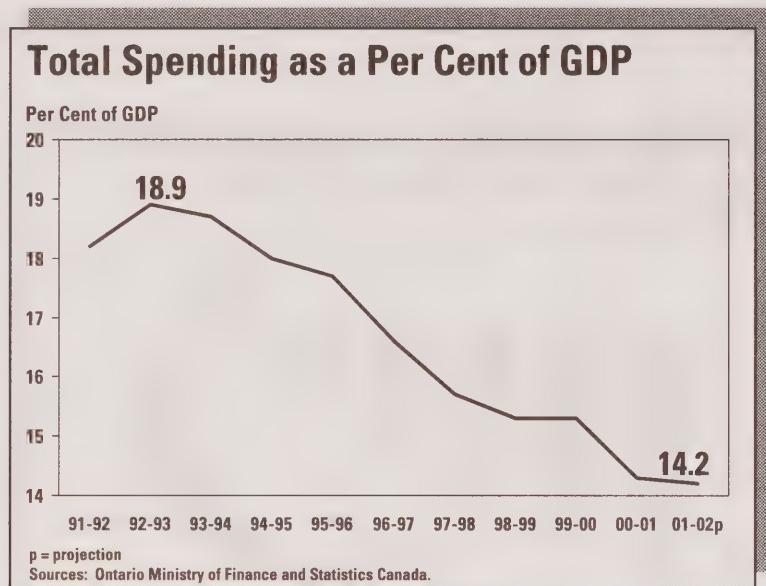
Through prudent and cautious fiscal planning, 2001-02 is expected to be the seventh consecutive year in which the government's deficit and debt reduction targets are met or overachieved.



- As of September 30, the second-quarter outlook for 2001-02 is a \$140 million surplus, on track with the Budget Plan.
- The recently released 2000-01 Public Accounts reported the 2000-01 surplus at \$3,325 million, overachieving the cautious 2000 Budget Plan of a balanced budget.

TOTAL SPENDING AS A SHARE OF THE ECONOMY

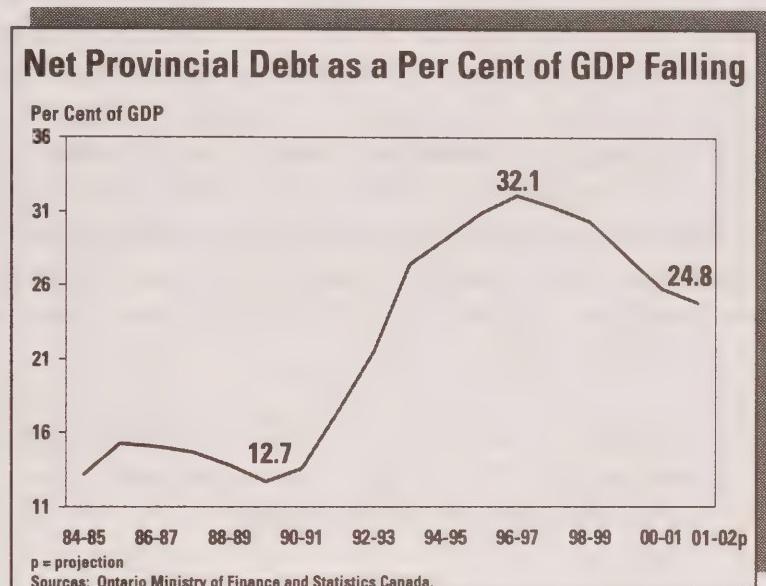
The government's commitment to controlling spending has allowed the Province to maintain a sound fiscal framework even in these times of economic uncertainty.



- In 2001-02, total spending as a share of the economy is estimated at 14.2 per cent, down from a peak of 18.9 per cent in 1992-93.
- At 14.2 per cent, total spending as a share of Ontario's Gross Domestic Product is at its lowest level since the early 1980s.

NET PROVINCIAL DEBT AS A PER CENT OF GDP FALLING

With four consecutive deficits in excess of \$10 billion annually, Ontario's debt rose dramatically in the early 1990s. Net Provincial Debt as a per cent of GDP more than doubled from 12.7 per cent in 1989-90 to 32.1 per cent in 1996-97.



- Strong economic growth, sound fiscal management and two consecutive years of budget surpluses have reduced Net Provincial Debt to a projected 24.8 per cent of GDP in 2001-02.
- Short-term challenges to the economy and fiscal management may affect the pace of debt reduction. However, with strong medium term growth prospects and prudent fiscal policy, Net Provincial Debt as a share of the provincial economy can be expected to decline in the years ahead.

Borrowing and Debt Management

MARKET CONDITIONS

Stability is returning to financial markets following the events of September 11, supported by aggressive interest rate cutting by central banks. However, some uncertainty persists as a result of the military strikes in Afghanistan and the threat of further attacks on the United States.

North American bond yields, especially short and medium term, have declined during the fiscal year to date. This has meant steeper interest rate yield curves in both the United States and Canada in recent months, with short-term rates falling much further than long-term rates. On October 31, 2001, the U.S. Treasury announced that it was suspending the issuance of 30-year securities, leading to a decline in long-term bond yields and a subsequent flattening of the yield curve.

The gap between Canadian and U.S. 10-year bond yields has widened significantly, approaching levels last seen in 1998. This is due to the safe-haven investor status of U.S. Treasury bonds relative to Government of Canada bonds.

After a gradual depreciation during calendar 2000, the Canadian dollar has continued to decline against the U.S. dollar during 2001. The Canadian dollar has fared better against most other major currencies.

BORROWING PROGRAM

As of September 30, 2001, long-term public market borrowing requirements are \$1.2 billion higher than estimated in the 2001-02 Budget Plan. This is due to an increase of nearly \$0.6 billion in accruals and consolidations and a \$0.7 billion reduction in borrowing from the Canada Pension Plan (CPP), offset by a decrease in maturities of \$0.1 billion.

The Province borrowed \$1.5 billion during the second quarter, all in Canadian dollars, including a Euro-Canadian bond issue, a number of structured domestic Medium Term Notes (MTNs) and a new five-year benchmark domestic issue.

Almost 95 per cent of the borrowing completed during the first half of the year was raised in the Canadian dollar market. This included the sale of \$4.2 billion of Ontario Savings Bonds in June.

Financial Summary

As of September 30, 2001 (\$ Millions)	2001-02 Budget Plan	2001-02 Outlook
Surplus/(Deficit)	140	140
Accruals and Consolidations	(2,258)	(2,825)
Maturities*	(9,557)	(9,467)
Provision for Early Redemptions	(1,020)	(1,020)
Other Sources/(Uses)	-	-
Net Repayment from/(Loans to) Agencies	(42)	(42)
Decrease/(Increase) in Liquid Reserves	2,551	2,551
Increase/(Decrease) in Short-term Borrowing	-	-
Canada Pension Plan Borrowing	1,130	423
Long-Term Public Borrowing	9,056	10,240
of which: Completed		7,369
Remaining		2,871

* Maturing debt is lower than the Budget Plan due to the Province exercising its options on extendible bonds.

As of November 6, 2001, the Ontario Financing Authority (OFA) has completed \$8.0 billion of the Province's planned 2001-02 long-term public borrowing of \$10.2 billion. Since September 30, 2001, the Province has raised \$0.4 billion from a reopening of a U.S. dollar Global issue and \$0.2 billion from five domestic MTNs.

In addition to the borrowing and redemptions shown in the Financial Summary table, the Province bought back \$261 million of previously issued debt, financing the purchases with similar amounts of debt issued at more favourable rates.

The Province plans to raise an additional \$2.2 billion in long-term public borrowing this fiscal year.

DEBT MANAGEMENT

As of September 30, 2001, foreign exchange exposure was 1.8 per cent of outstanding debt. Interest rate resetting exposure (net of liquid reserves) was 10.0 per cent of outstanding debt.

The Province maintains a flexible financing approach in managing high levels of debt maturities. The Province will continue to seek the most cost-effective borrowing opportunities and a maturity profile that recognizes the limit on interest rate resetting exposure.

ONTARIO ELECTRICITY FINANCIAL CORPORATION

As of September 30, 2001, the borrowing requirements for the Ontario Electricity Financial Corporation (OEFC) were estimated at \$3.4 billion for 2001-02, down from the \$3.6 billion forecast in the Budget Plan.

As of November 6, 2001, the OEFC had completed \$1.8 billion of its planned long-term borrowing.

Conclusion

As a result of Ontario's prudent budgeting practices, the Province remains on track to achieve a third consecutive balanced budget for the first time in nearly 100 years. With economic growth slower than projected and consistent with the role of the reserve in prudent budgeting, a portion of the reserve has been allocated at second quarter to ensure a balanced budget for 2001-02.

The government remains committed to balancing the budget on an ongoing basis. The government's fiscal and economic policies have restored the Province to a sound financial footing and created a solid foundation for economic growth over the medium and longer term.

LIST OF FINANCIAL TABLES AND GRAPHS

Financial Tables

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Revenue	C2
Operating Expenditure	C3
Capital Expenditure	C4
Ten-Year Review of Selected Financial and Economic Statistics	C5

Graphs

The Budget Dollar: Revenue 2001-02

The Budget Dollar: Total Expenditure 2001-02

The Budget Dollar: Program Expenditure 2001-02

Revenue Sources by Category, Per Cent of Total 1997-98 to 2001-02

Operating Expenditure by Category, Per Cent of Total 1997-98 to 2001-02

Program Expenditure by Category, Per Cent of Total 1997-98 to 2001-02

Capital Expenditure by Category, Per Cent of Total 1997-98 to 2001-02

2001-02 Operating Expenditure by Category

2001-02 Capital Expenditure by Category

**Statement of Financial Transactions
(\$ Millions)**

Table C1

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Outlook* 2001-02
Revenue	52,518	55,786	62,931	64,682	64,112
Expenditure					
Programs	43,709	46,509	47,369	50,075	52,207
Restructuring and Other Charges	1,595	76	211	31	-
Total Program Expenditure	45,304	46,585	47,580	50,106	52,207
Capital	2,451	2,187	4,832	2,079	1,949
Public Debt Interest					
Provincial	8,729	9,016	8,977	8,896	8,736
Electricity Sector	-	-	520	520	520
Total Expenditure	56,484	57,788	61,909	61,601	63,412
Less: Reserve	-	-	-	-	700
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	-	-	(354)	244	140
Surplus / (Deficit)	(3,966)	(2,002)	668	3,325	140
Net Provincial Debt[†]	112,735	114,737	113,715	110,634	110,634

* Second-quarter outlook as at September 30.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

† Net Provincial Debt represents total Liabilities less Financial Assets.

C: Ontario's Fiscal Plan

**Revenue
(\$ Millions)**

Table C2

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Outlook 2001-02
Taxation Revenue					
Personal Income Tax	16,293	17,190	17,617	18,624	18,260
Retail Sales Tax	10,843	11,651	12,879	13,735	14,290
Corporations Tax	7,456	7,447	8,095	9,200	7,940
Employer Health Tax	2,851	2,882	3,118	3,424	3,620
Gasoline Tax	2,028	2,068	2,154	2,172	2,300
Fuel Tax	563	592	665	648	655
Tobacco Tax	425	447	481	504	660
Land Transfer Tax	565	470	565	642	670
Other Taxation	245	330	307	333	265
	41,269	43,077	45,881	49,282	48,660
Government of Canada					
Canada Health and Social Transfer (CHST)	3,970	3,553	3,967	4,138	5,630
CHST Supplements	-	-	755	757	380
Social Housing	387	358	466	541	530
Student Assistance	18	64	170	40	64
Medical Equipment Trust	-	-	-	190	190
Indian Welfare Services	87	155	85	131	117
Bilingualism Development	49	55	65	64	64
Employability Assistance for People with Disabilities	53	71	65	63	39
Other	534	259	312	205	345
	5,098	4,515	5,885	6,129	7,359
Income from Government Enterprises					
Ontario Lottery and Gaming Corporation	1,485	1,764	1,924	2,181	2,000
Liquor Control Board of Ontario	745	809	845	877	890
Ontario Power Generation Inc. and Hydro One Inc.	-	-	903	928	524
Other	61	(26)	36	14	10
	2,291	2,547	3,708	4,000	3,424
Other Revenue					
Vehicle and Driver Registration Fees	820	890	911	929	925
Other Fees and Licences	548	661	667	660	685
Liquor Licence Revenue	506	519	539	525	518
Royalties	286	289	345	235	240
Sales and Rentals	582	640	2,133	637	300
Independent Electricity Market Operation Revenues	-	-	314	344	159
Local Services Realignment—Reimbursement of Expenditure	519	2,109	1,678	1,432	1,223
Miscellaneous	599	539	870	509	619
	3,860	5,647	7,457	5,271	4,669
Total Revenue	52,518	55,786	62,931	64,682	64,112

2001 Ontario Economic Outlook and Fiscal Review

Table C3

Operating Expenditure (\$ Millions)	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Outlook 2001-02
Agriculture, Food and Rural Affairs	306	309	347	401	446
One-Time and Extraordinary	-	-	-	233	-
Farm Tax Rebate	158	-	-	-	-
Attorney General	683	753	846	957	979
Board of Internal Economy	113	117	154	116	117
Citizenship	73	82	95	77	78
Community and Social Services	8,067	7,659	7,512	7,620	7,756
Consumer and Business Services	92	136	134	155	168
Correctional Services	531	540	563	593	610
Economic Development and Trade	138	87	92	81	107
Education	4,715	7,719	7,704	7,961	8,471
School Board Transition/Phase-in Funding	224	-	268	-	-
Teachers' Pension Plan (TPP)	1,443	67	(363)	(779)	(230)
Energy, Science and Technology	69	83	429	464	286
Environment	142	162	174	190	218
Executive Offices	14	17	19	21	21
Finance—Own Account	691	998	548	842	810
Public Debt Interest					
Provincial	8,729	9,016	8,977	8,896	8,736
Electricity Sector	-	-	520	520	520
Community Reinvestment Fund	169	678	521	561	561
Provision for Electricity Sector	-	-	383	408	4
Health and Long-Term Care	18,283	18,867	20,373	21,686	23,712
Accelerated Health Care Commitment	-	-	-	498	-
Health Care Restructuring	532	50	-	-	-
Major One-Time Health Care Costs	113	639	286	487	190
Intergovernmental Affairs	5	4	4	4	5
Labour	117	108	101	104	113
Management Board Secretariat	359	353	147	214	346
Retirement Benefits	(86)	(219)	(165)	(209)	30
Contingency Fund	-	-	-	-	551
OPS Employee Severance (Net)	(159)	-	88	-	-
Special Circumstances Fund	-	180	-	-	-
Municipal Affairs and Housing	2,395	1,611	1,665	1,792	1,214
Municipal Capital and Operating Restructuring Fund	23	-	-	-	-
Municipal Restructuring Fund	71	-	-	-	-
Native Affairs Secretariat	12	12	15	16	15
Natural Resources	463	531	460	417	415
Northern Development and Mines	62	82	122	113	179
Office of Francophone Affairs	2	3	3	4	5
Solicitor General	646	756	816	907	944
Tourism, Culture and Recreation	205	286	367	360	402
Training, Colleges and Universities	3,052	3,281	3,285	3,219	3,365
Transportation	702	607	587	593	519
Restructuring	50	(17)	-	-	-
TTC Five Year Capital Transfer/Ottawa-Carleton Regional Transit Commission Transit Bus Subsidy Agreement	829	44	-	-	-
Year-End Savings	-	-	-	-	(200)
Total Operating Expenditure	54,033	55,601	57,077	59,522	61,463

C: Ontario's Fiscal Plan

Capital Expenditure (\$ Millions)

Table C4

Ministry	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Outlook 2001-02
Agriculture, Food and Rural Affairs	1	1	1	1	51
Attorney General	47	73	62	42	67
Community and Social Services	31	27	20	14	38
Correctional Services	5	30	124	95	98
Education	267	229	52	4	20
Energy, Science and Technology	-	273	656	86	76
Environment	98	19	1	5	21
Water Protection Fund	-	15	160	17	5
Finance	6	4	7	7	13
SuperBuild Millennium Partnerships	-	-	-	4	100
Contingency Fund	-	-	-	-	79
Health and Long-Term Care	106	187	338	182	200
Major One-Time Capital Costs	-	-	1,004	140	-
Management Board Secretariat	80	39	13	24	37
Municipal Affairs and Housing	152	62	(10)	-	8
Native Affairs Secretariat	14	13	7	5	7
Natural Resources	151	73	96	65	99
Northern Development and Mines	173	177	212	312	327
Solicitor General	7	-	-	4	10
Tourism, Culture and Recreation	3	2	231	32	68
Training, Colleges and Universities	117	71	1,028	204	52
Transportation	1,193	892	830	836	673
Year-End Savings	-	-	-	-	(100)
Total Capital Expenditure	2,451	2,187	4,832	2,079	1,949

2001 Ontario Economic Outlook and Fiscal Review

Ten-Year Review of Selected Financial and Economic Statistics (\$ Millions)

	Modified Cash Basis 1992-93	PSAB Basis	
		1993-94	1994-95
Financial Transactions			
Revenue	41,807	43,674	46,039
Expenditure			
Programs	45,350	44,195	44,505
Restructuring and Other Charges	-	-	-
Total Program Expenditure	45,350	44,195	44,505
Capital	3,592	3,552	3,831
Public Debt Interest			
Provincial	5,293	7,129	7,832
Electricity Sector	-	-	-
Total Expenditure	54,235	54,876	56,168
Less: Reserve	-	-	-
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	-	-	-
Surplus / (Deficit)	(12,428)	(11,202)	(10,129)
Net Provincial Debt[†]	61,796	80,599	90,728
Gross Domestic Product (GDP) at Market Prices	287,015	293,980	311,603
Personal Income	253,778	256,092	260,628
Population—July (000s)	10,570	10,690	10,828
Net Provincial Debt per Capita (dollars)	5,846	7,540	8,379
Personal Income per Capita (dollars)	24,009	23,956	24,070
Total Expenditure as a per cent of GDP	18.9	18.7	18.0
Public Debt Interest as a per cent of Revenue‡	12.7	16.3	17.0
Net Provincial Debt as a per cent of GDP	21.5	27.4	29.1

* Second-quarter outlook as at September 30.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

† Net Provincial Debt represents total Liabilities less Financial Assets.

‡ Starting in 1999-2000, Public Debt Interest includes \$520 million related to the Province's equity investment in the electricity sector.

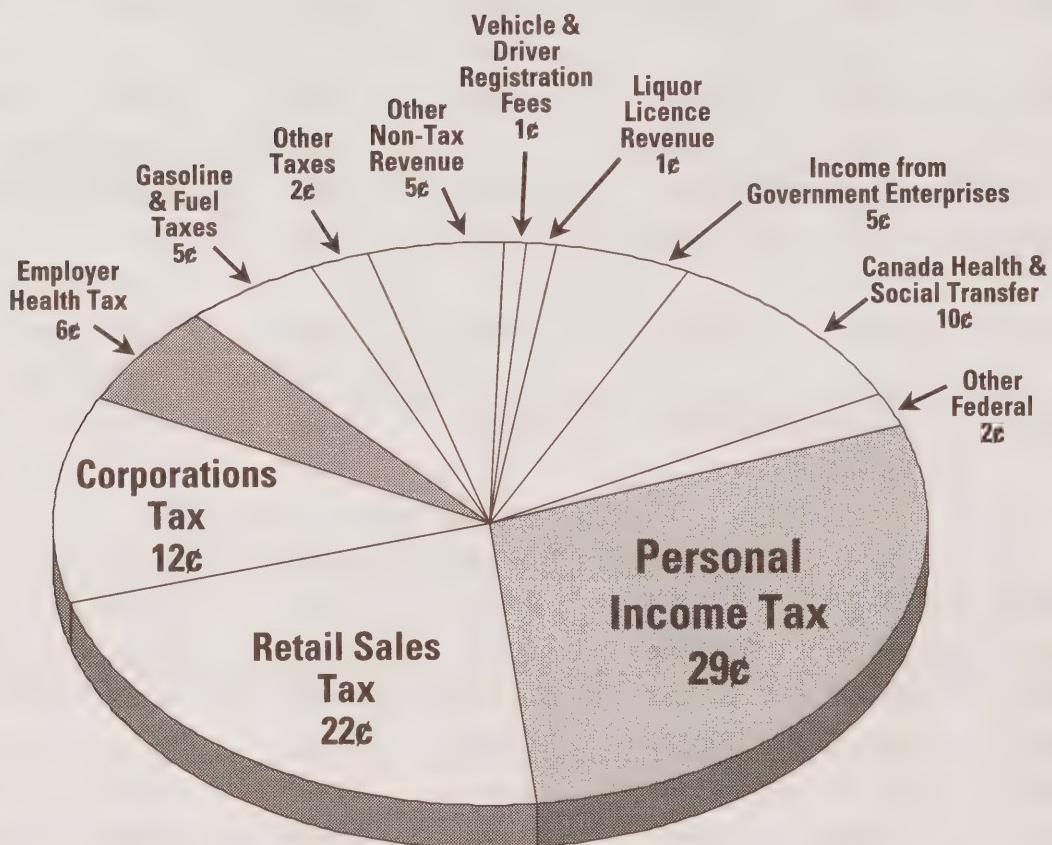
Sources: Ontario Ministry of Finance and Statistics Canada.

C: Ontario's Fiscal Plan

Table C5

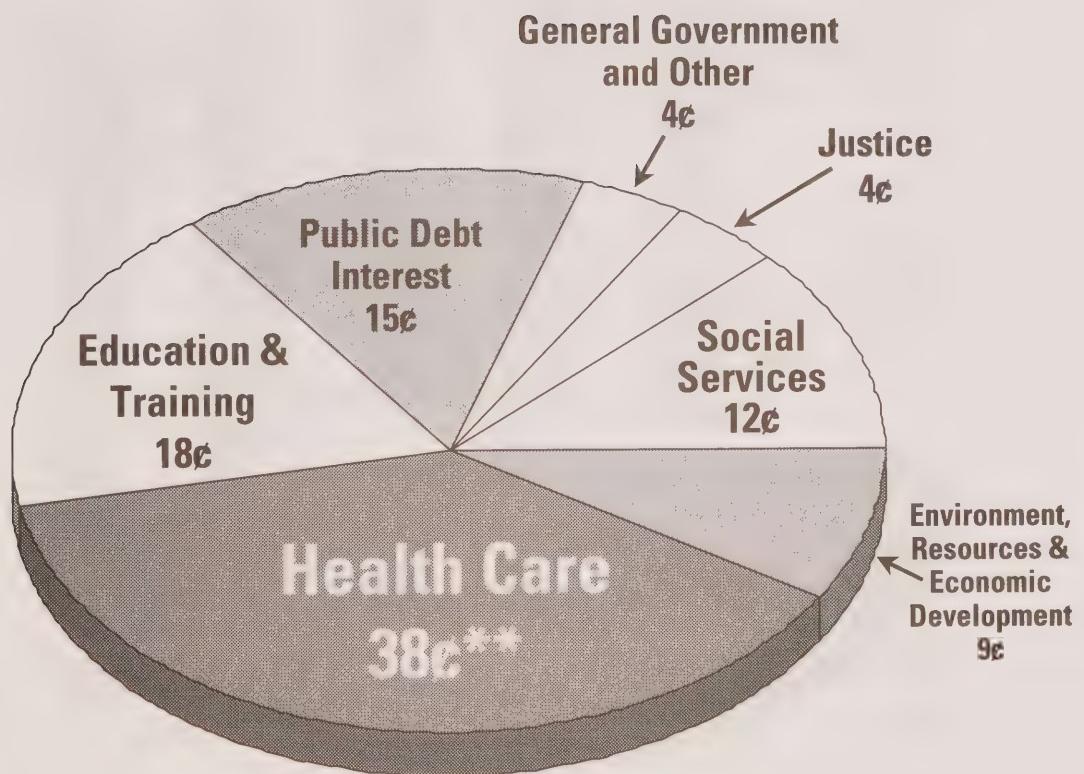
PSAB Basis						Actual 2000-01	Outlook* 2001-02
1995-96	1996-97	1997-98	1998-99	1999-00			
49,473	49,450	52,518	55,786	62,931	64,682	64,112	
45,309	42,956	43,709	46,509	47,369	50,075	52,207	
854	2,180	1,595	76	211	31	-	
46,163	45,136	45,304	46,585	47,580	50,106	52,207	
3,635	2,612	2,451	2,187	4,832	2,079	1,949	
8,475	8,607	8,729	9,016	8,977	8,896	8,736	
-	-	-	-	520	520	520	
58,273	56,355	56,484	57,788	61,909	61,601	63,412	
-	-	-	-	-	-	700	
(8,800)	(6,905)	(3,966)	(2,002)	(354)	244	140	
101,864	108,769	112,735	114,737	113,715	110,634	110,634	
329,855	338,763	359,953	378,124	405,625	429,530	446,282	
271,372	276,304	289,537	303,136	322,165	342,770	356,824	
10,965	11,101	11,249	11,387	11,523	11,685	11,874	
9,290	9,798	10,022	10,076	9,869	9,468	9,317	
24,749	24,890	25,739	26,621	27,958	29,334	30,051	
17.7	16.6	15.7	15.3	15.3	14.3	14.2	
17.1	17.4	16.6	16.2	15.1	14.6	14.4	
30.9	32.1	31.3	30.3	28.0	25.8	24.8	

The Budget Dollar Revenue 2001-02*



* As of September 30

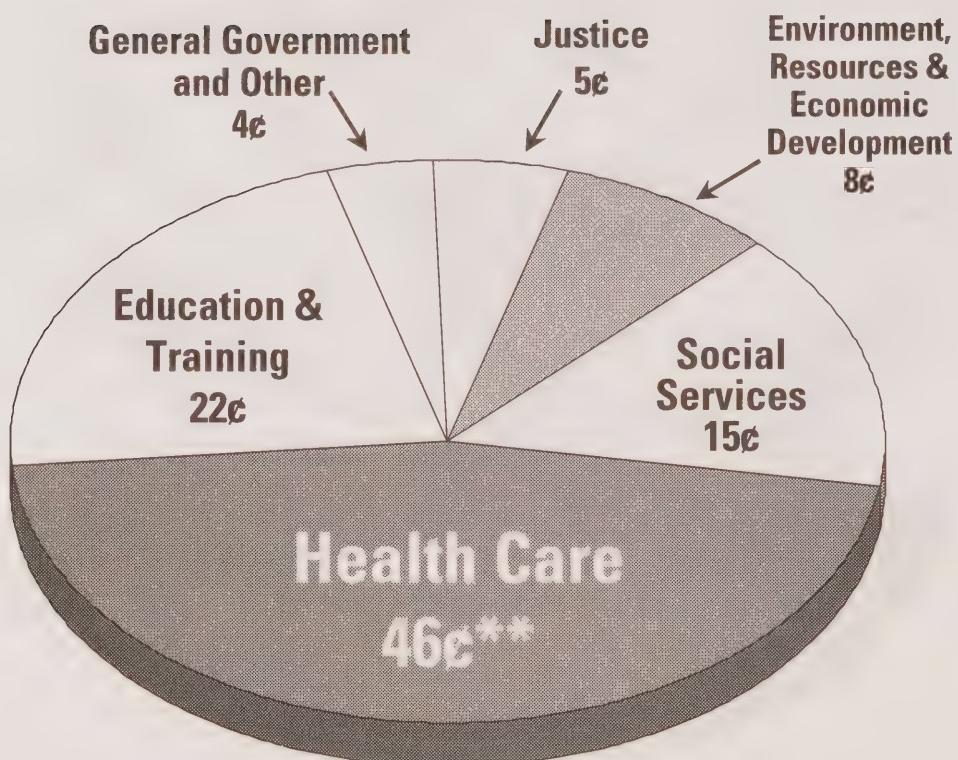
The Budget Dollar Total Expenditure 2001-02*



* As of September 30

**Includes Major One-Time Health Care Spending.

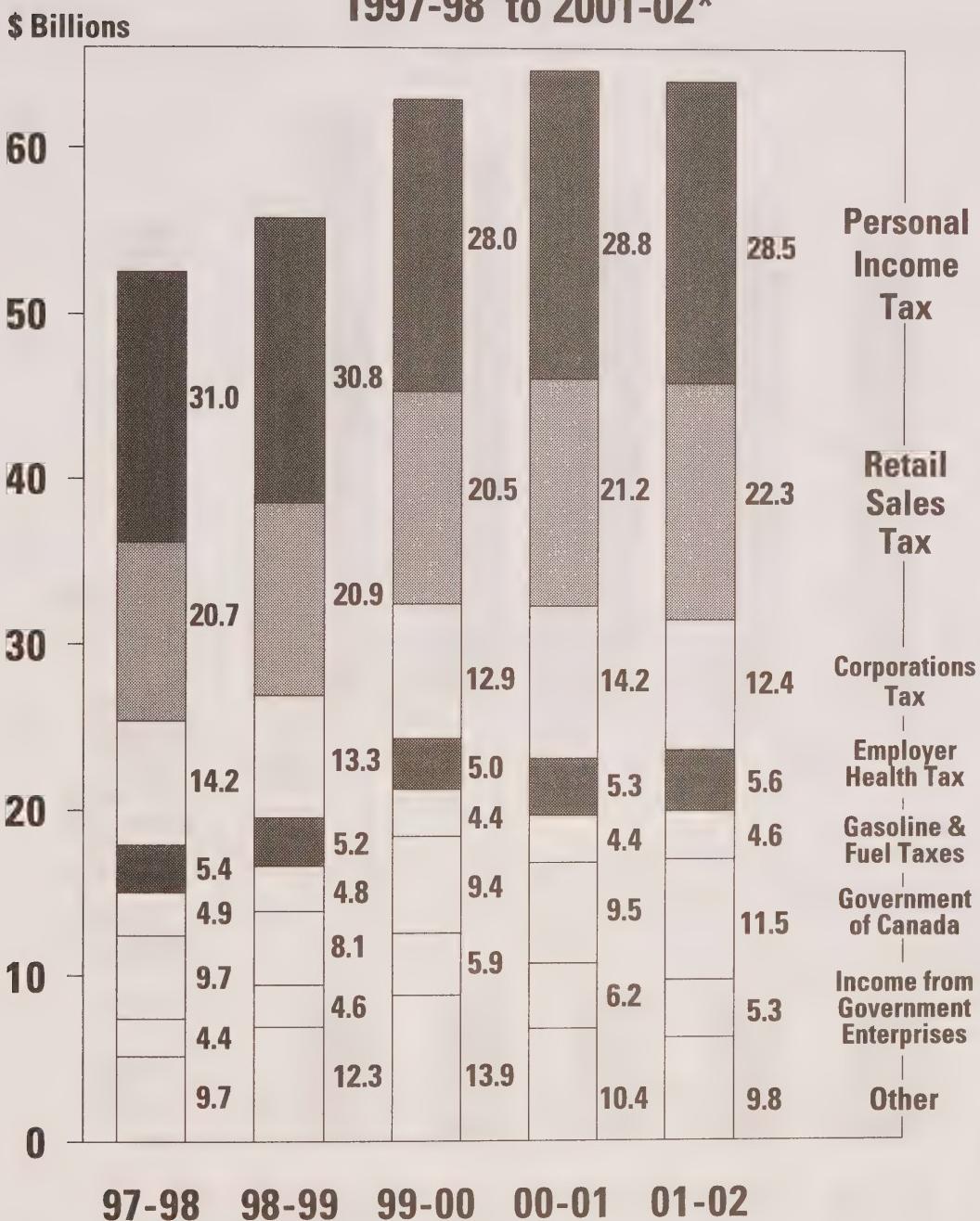
The Budget Dollar Program Expenditure 2001-02*



* As of September 30

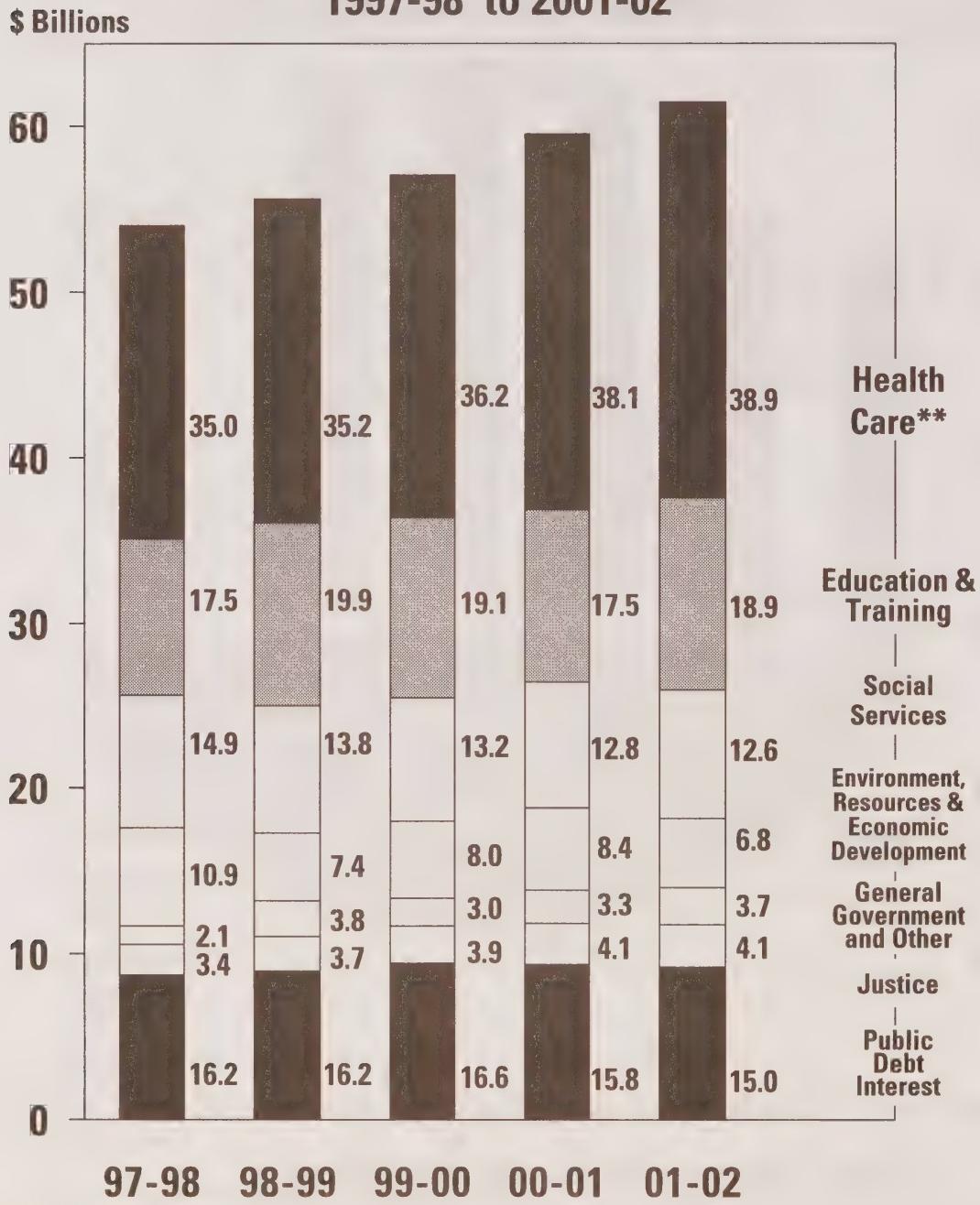
**Includes Major One-Time Health Care Spending; excluding these costs, the health care share is 45 cents.

Revenue Sources by Category Per Cent of Total 1997-98 to 2001-02*



* As of September 30

Operating Expenditure by Category Per Cent of Total 1997-98 to 2001-02*

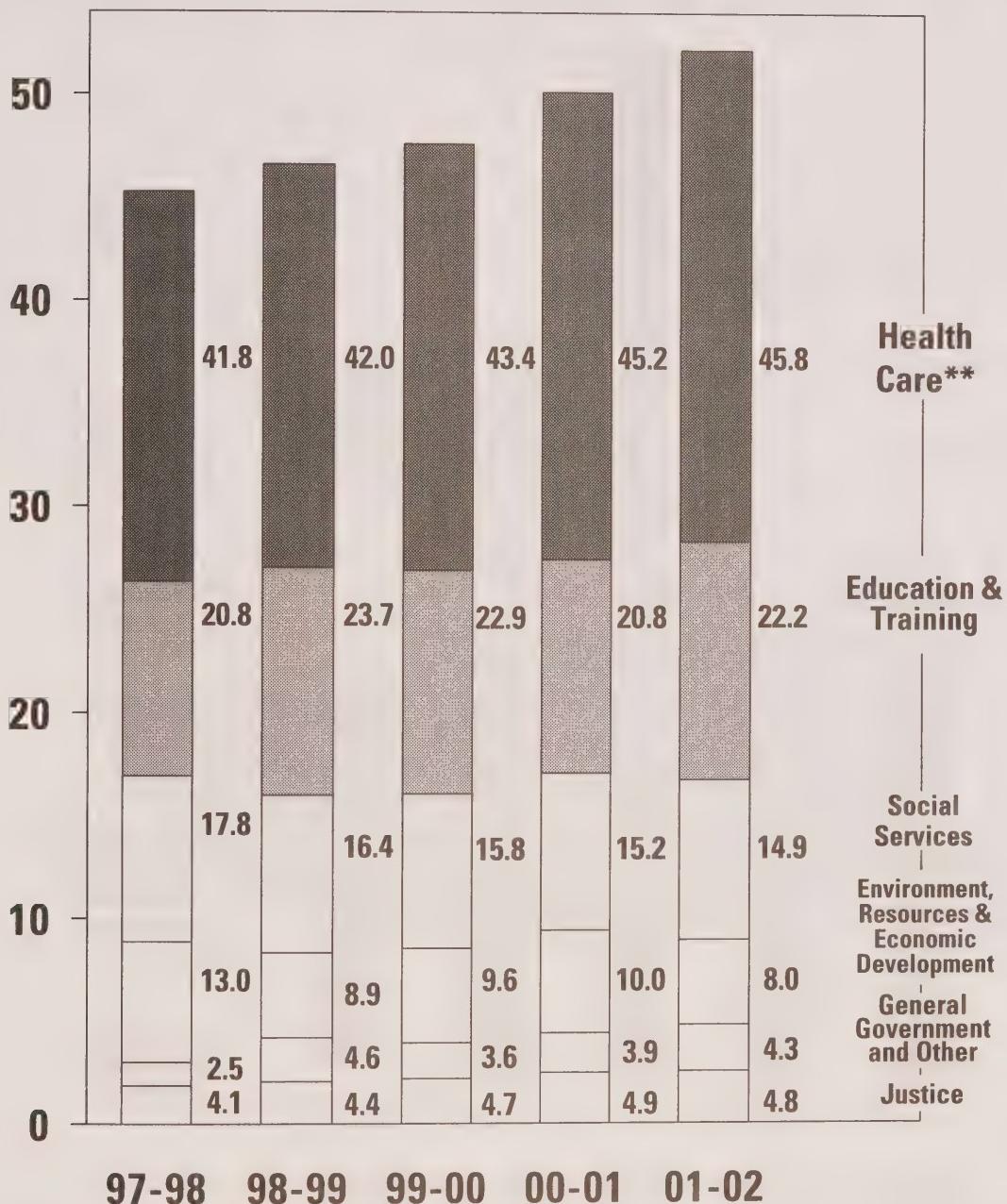


* As of September 30

**Includes Major One-Time Health Care Spending.

Program Expenditure by Category Per Cent of Total 1997-98 to 2001-02*

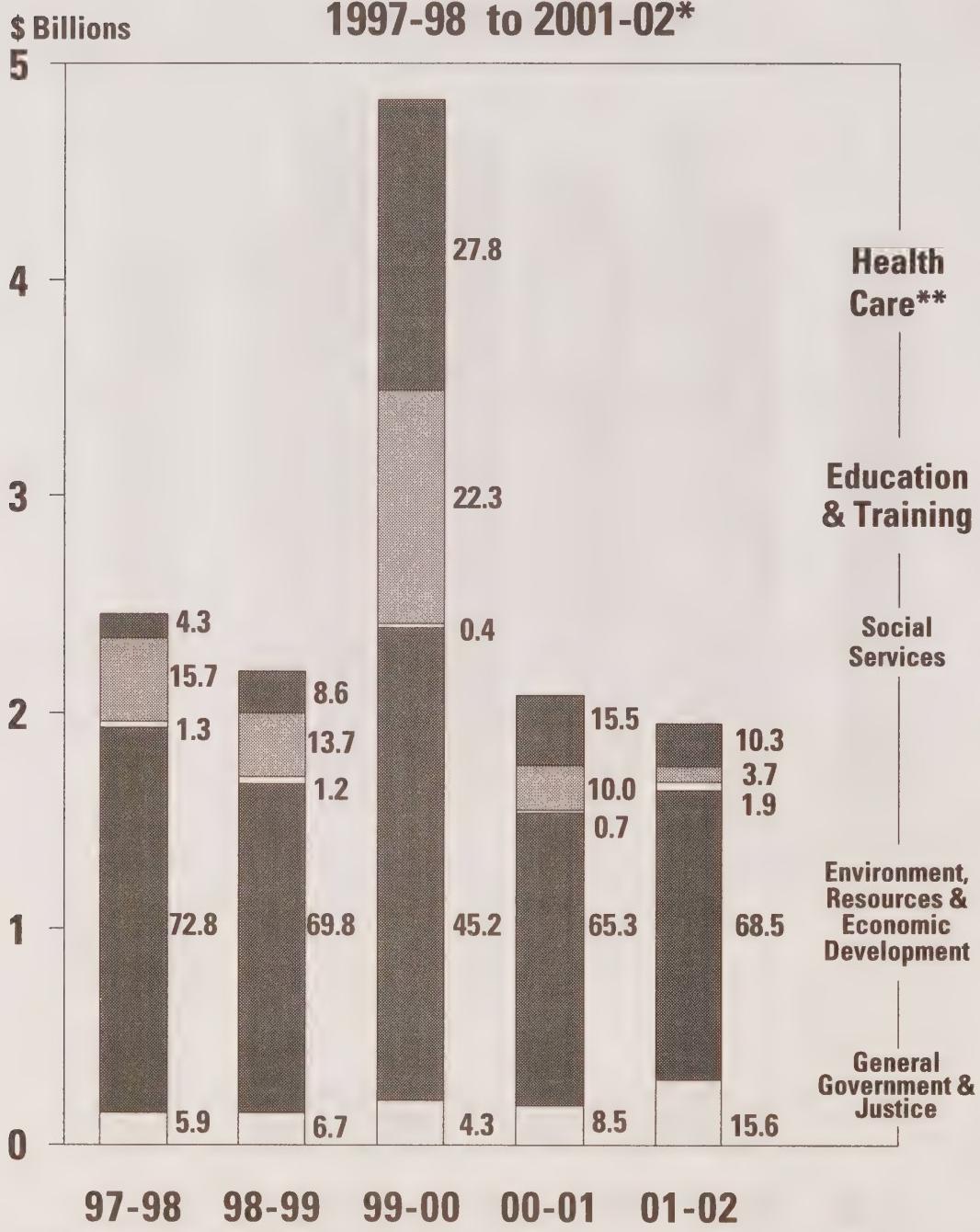
\$ Billions



* As of September 30

**Includes Major One-Time Health Care Spending.

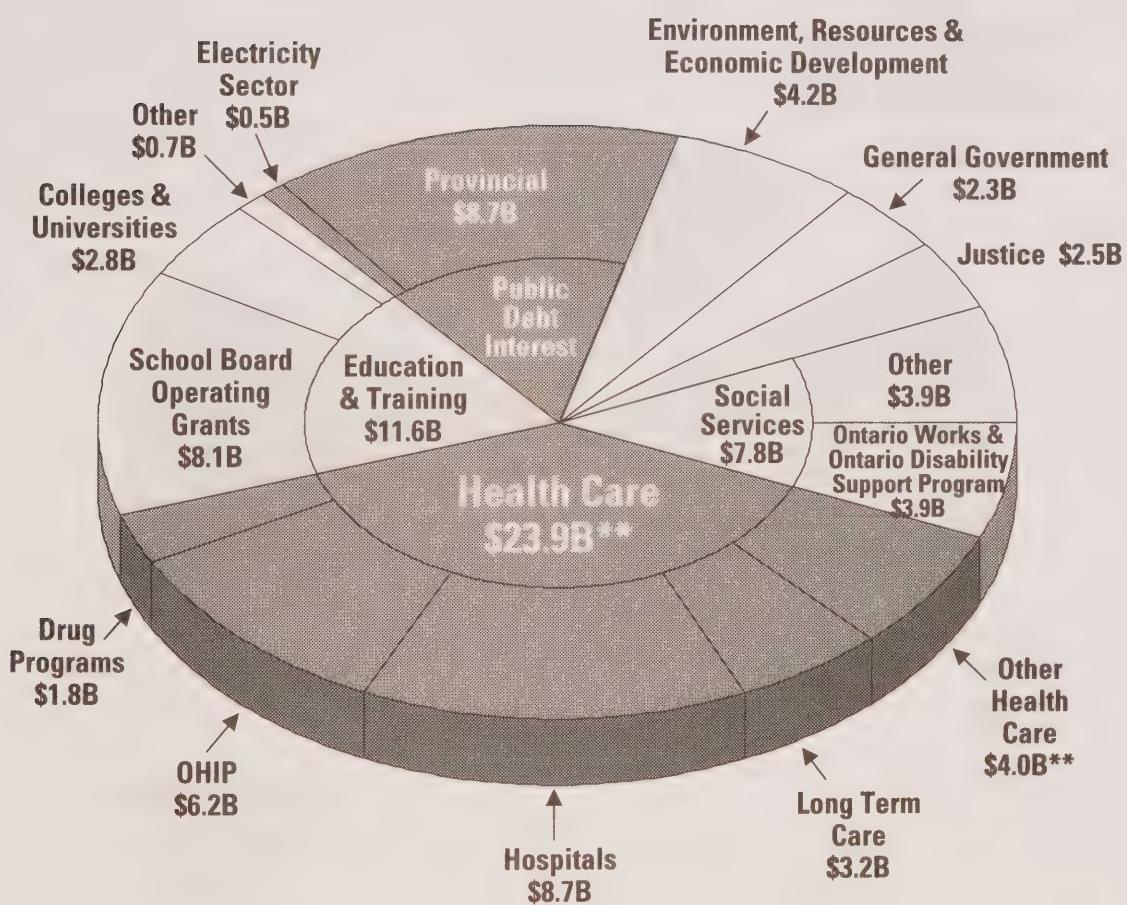
Capital Expenditure by Category Per Cent of Total 1997-98 to 2001-02*



* As of September 30

**Includes Major One-Time Health Care Spending.

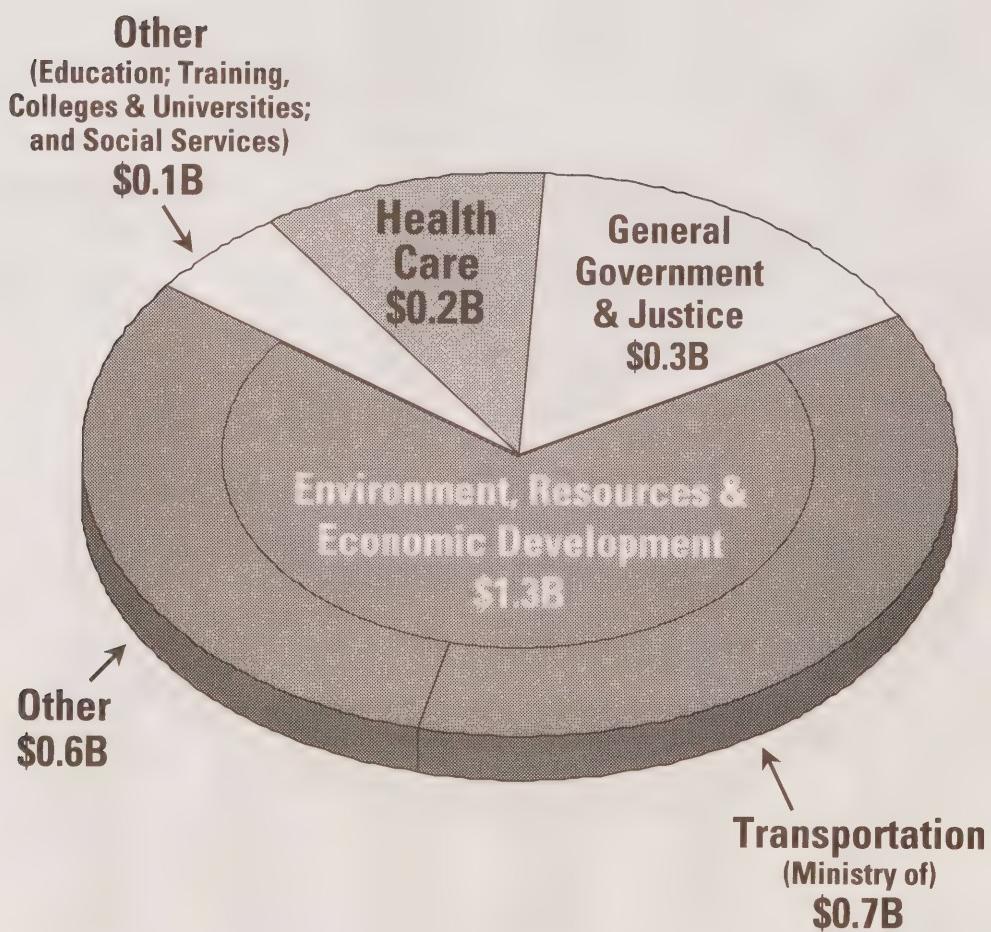
2001-02 Operating Expenditure by Category* (\$ Billions)



* As of September 30

**Includes Major One-Time Health Care costs of \$190 million for medical equipment.

2001-02 Capital Expenditure by Category* (\$ Billions)



* As of September 30

D: Policies for a Sound Economy

ONTARIO'S GOAL

“Ontario will enjoy the best-performing economy and the highest quality of life in North America.”

Ontario Budget, 2001

Ontario's strong economic and fiscal performance since 1995 and its ability to cope with the effects of the current global slowdown are the result of sound policy actions. This section reviews these actions. The Government of Ontario continues to:

- cut taxes for people and business to promote economic growth;
- invest in research, innovation and education;
- remove barriers to growth; and
- invest in infrastructure.

Cutting Taxes for People to Support Economic Growth

"The hard-working people of this province will invest and spend their money in ways that will help the economy to grow."

Ontario Budget, 2001

Personal income tax cuts improve the economic well-being of the people of Ontario and support Ontario's position as an economic growth leader. PIT cuts lower the tax applied to unincorporated small business, encouraging entrepreneurship and job creation.

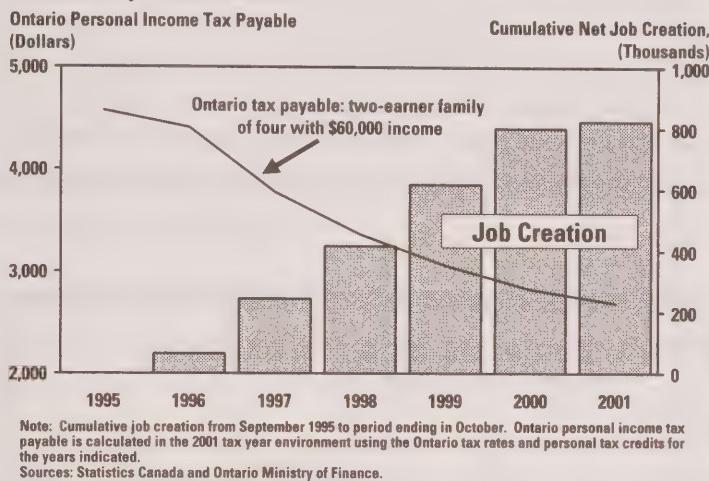
Since 1995, the Ontario Government has:

- cut provincial personal income tax rates sharply;
- fully indexed Ontario's personal income tax system to offset the effect of inflation;
- reduced the amount of capital gains taxed from 75 to 50 per cent;
- provided a permanent Land Transfer Tax refund of up to \$2,000 for first-time buyers of newly built homes;
- begun the process of ending the personal income surtax;
- reduced annual residential education property taxes by \$250 million; and
- introduced and enhanced the Ontario Child Care Supplement for Working Families.

A family of four with net income of \$60,000 from two earners will save \$2,345 a year in Ontario personal income tax, or more than 50 per cent, because of Ontario's tax cuts.

The largest percentage tax savings go to taxpayers with the lowest incomes. When the government's tax cuts are fully implemented, 735,000 lower-income earners who pay no Ontario income tax will continue to pay income tax to the federal government.

Income Tax Cuts and Job Creation in Ontario, 1995-2001



Low personal income tax rates are vital to maintaining a healthy, efficient economy with a rising standard of living. For too long, counterproductive government policies were causing the standard of living in Ontario to stagnate, or even to fall.

In the five years prior to tax cuts, real GDP per person fell in Ontario. In the five years since tax cuts, real GDP per person has risen about 18 per cent, well in excess of the increase in the rest of Canada, the United States or the average of the industrialized countries.

Numerous studies that compare the performance of different countries (and states in the United States) have found that the ones in which taxes and government spending take up a lower share of GDP have higher economic growth.

Income tax cuts improve the efficiency and competitiveness of the economy. Lower income tax rates give everybody, whether business owners or employees, an incentive to work harder and smarter, because they are allowed to keep more of what they earn.

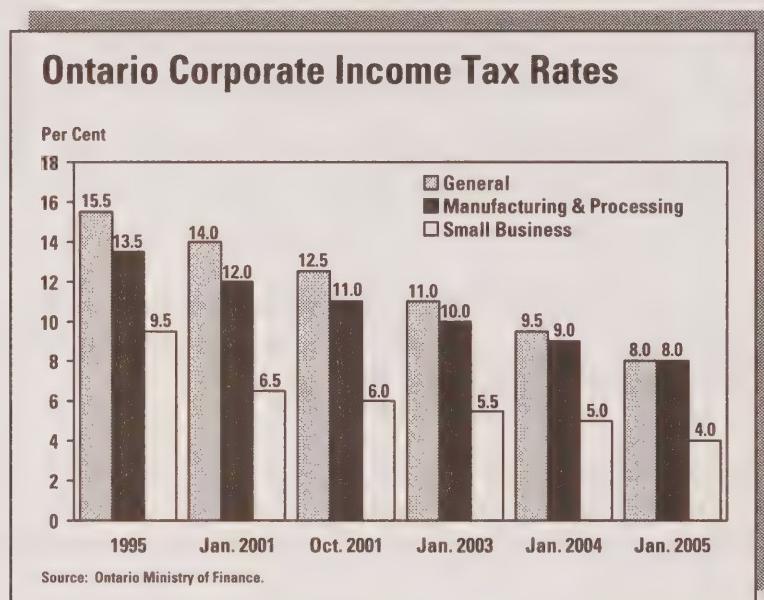
Companies are much more inclined to invest in a location that has lower income tax rates, because it makes it easier for them to attract and keep skilled staff, and because they know that an overtaxed workforce will be less productive. That is one of the reasons Ontario has led the rest of Canada and North America in job creation since the Ontario Government began cutting income tax rates.

Cutting Business Taxes to Enhance Competitiveness

"Since we started cutting taxes business investment in this province has increased by 66 per cent."

Ontario Budget, 2001

Building on our business tax competitiveness is fundamental to Ontario's growth strategy. Business tax cuts increase Ontario's competitiveness and encourage investment and job creation.



By 2005, Ontario will have the lowest combined general corporate income tax rate in North America. No Canadian province will have a lower rate.

- Ontario's general corporate income tax rate and manufacturing and processing tax rate will be cut to 8 per cent by 2005.
- Ontario's small business tax rate will be cut to 4 per cent by 2005 and 7,500 more of Ontario's growing small businesses will benefit from this lower small business rate.

Annual business education property taxes have been cut by \$350 million.

The Employer Health Tax was eliminated for 88 per cent of employers and all self-employed individuals in 1999.

Ontario is taking the first step towards eliminating the job-killing capital tax that deters business from investing. By making the first \$5 million in capital tax-free, the Province will relieve more than 11,000 small and medium-sized businesses of this burden.

It is sometimes claimed that tax cuts for business primarily benefit the wealthy, but most economists agree that this simply is not true.

This has been accepted for many years in other countries. That is why many countries with a strong preference for spending on social programs, such as Sweden, Finland, Norway and Denmark, already have corporate income tax rates that are as low as Ontario's will be in 2005.

Capital is mobile internationally, and companies can choose from many other locations. If taxes on business are higher in Ontario, the result is lower investment in Ontario and lower incomes for Ontario workers.

Economic studies confirm that corporate tax rates have a major impact on where companies decide to locate their investments. For many years, corporate tax rates in Canada were well above the median of the industrialized countries.

Ontario was uncompetitive in the past, and it lost out on a lot of investment, jobs and productivity as a result. The government policy of cutting business taxes to attract new investment means that the standard of living of the average Ontario worker is growing more rapidly.

Fostering a Culture of Innovation and a Skilled Workforce

"We are investing in new technologies, fostering research and development activities and ensuring that businesses have workers with the skills they need to compete with the best in the world. We are committed to giving our young people the freedom and tools to innovate."

Ontario Budget, 2000

BUILDING A CULTURE OF INNOVATION

Ontario is building a culture of innovation that rewards entrepreneurship, risk-taking, and the pursuit of scientific excellence from the classroom to the boardroom:

- encouraging partnerships with industry and academia to perform world-class research through the Ontario Research and Development Challenge Fund, to build state-of-the-art facilities through the Ontario Innovation Trust, and to establish unique "knowledge networks" through the Ontario Centres of Excellence;
- attracting and retaining top researchers by recognizing and rewarding their accomplishments and supporting them with the only program in Canada dedicated to funding the indirect costs of research; and
- rewarding innovation and research excellence by cutting the top rate of Ontario income tax on capital gains by nearly one-half for corporations and individuals, and providing tax incentives to help research-intensive companies attract and retain skilled researchers.

SHARPENING OUR SKILLS

Ontario is making a series of investments in post-secondary education and training to ensure a highly skilled workforce able to compete in today's knowledge-intensive economy:

- providing multi-year operating funding to ensure that colleges and universities can meet future enrolment increases; adding 23,000 spaces in computer science and high-demand engineering; and establishing the innovative Ontario Institute of Technology;
- pursuing targeted strategies to address skills needs through training partnerships with the private sector under the Strategic Skills Investment initiative and bridging programs to speed the entry of foreign-trained professionals into the workforce; and
- modernizing and expanding the apprenticeship system to address skills shortages.

Rebalancing Workplace Relations

“And while we’ve removed such barriers to job creation as high taxes and unfair job quotas, we’ve been careful to keep rules in place to protect and expand the rights of employees.”

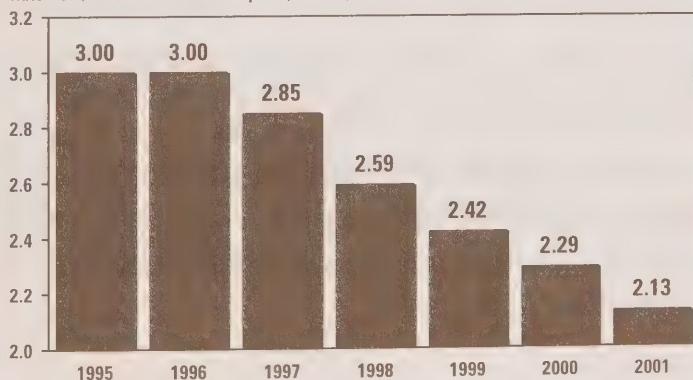
Blueprint—Mike Harris’ Plan to Keep Ontario on the Right Track, 1999

The government’s labour law reforms strengthen competitiveness, enhance workplace democracy and promote Ontario as a good place to live and work:

- The *Employment Standards Act, 2000* benefits both employees and employers. New provisions help employees balance work and family responsibilities through parental leave of up to one year and unpaid emergency leave of up to 10 days each year. The act also reduces red tape and promotes flexible work arrangements.
- The *Labour Relations Amendment Act, 2000* strengthens workers’ rights, enhances workplace stability and fosters economic growth.
- The *Labour Relations Amendment Act (Construction Industry), 2000* modernizes labour relations in the construction industry by promoting stability and predictability and by helping contractors to become more competitive.
- Reforms to the Workplace Safety and Insurance system put it on a sound financial footing. The average premium rate has been cut to \$2.13 per \$100 of assessable payroll in 2001, a 29 per cent drop since 1995 and the lowest level since 1983.

Average Workplace Insurance Premium

Rate Per \$100 of Assessable Payroll (Dollars)



Sources: Workplace Safety and Insurance Board and Ontario Ministry of Labour.

Reducing Red Tape

“Businesses naturally strive to grow and people naturally want to succeed. Sometimes the most important thing a government can do is simply get out of the way of the energy and initiative of the private sector.”

Blueprint—Mike Harris’ Plan to Keep Ontario on the Right Track, 1999

Eliminating red tape contributes to a positive business climate that attracts investment and job creation. To make it easier for businesses to operate, the government and its Red Tape Commission have eliminated more than 1,700 unnecessary regulations, repealed more than 50 outdated acts, amended more than 200 other acts and passed 13 red tape reduction bills. All proposed regulations must undergo a business impact test.

Ontario is committed to easing costs for businesses and eliminating barriers to their success by:

- passing the *Electronic Commerce Act* to remove outdated legal barriers to e-commerce and increase consumer confidence in online transactions. Ontario was the first province in Canada to bring e-commerce legislation into effect;
- simplifying and streamlining registration and reporting for Ontario business; and
- helping entrepreneurs and small businesses through Community Small Business Investment Funds, Enterprise Centres, Self-Help Offices and Ontario Exports Inc.

Initiatives to promote growth of Ontario’s housing and development industry include:

- amending the *Planning Act* and reducing red tape for building permits, to speed decision-making, remove duplication, streamline administration and reduce costs;
- changing the *Development Charges Act* to reduce costs and improve fairness, ensuring development charges do not impede growth; and
- encouraging revitalization of brownfields by streamlining planning processes, clarifying clean-up rules, limiting liability for clean-up costs and stimulating redevelopment through the SuperBuild municipal infrastructure investment partnership initiatives and property tax reductions.

SuperBuild: Investing in Infrastructure

"I am determined to see our children inherit cities, communities, neighbourhoods—an entire province—that is as efficient, that is as strong as possible and that has a quality of life second to none. Our vision will help encourage growth. It will make sure that all regions of Ontario—from our smallest towns to our largest cities—can reach their economic potential. And it will help keep Ontario strong, growing and ready to compete in the 21st century."

Premier Mike Harris

THE SUPERBUILD VISION—BUILDING FOR THE FUTURE

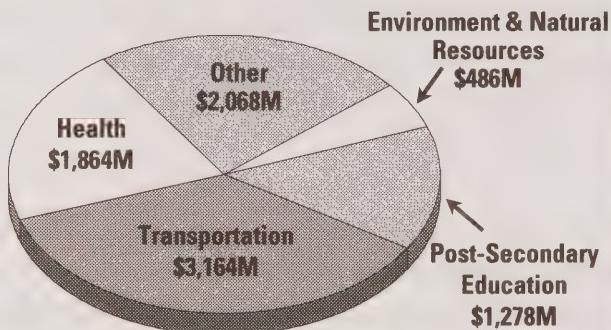
Investment in infrastructure sustains our quality of life, helps keep our economy stable and provides the basis for future economic growth. The government created the Ontario SuperBuild Corporation to provide the kind of visionary, leading-edge thinking needed to meet the infrastructure challenges of the 21st century.

SuperBuild's mandate is to plan for the Province's long-term capital needs, make strategic investments and develop new funding partnerships. This will mean:

- thinking ahead about what to invest in and where to invest;
- keeping our existing assets in a good state of repair;
- building as the economy grows rather than after it grows;
- planning wisely so that infrastructure can be replaced when it wears out; and
- using Provincial funding to leverage infrastructure investment from both public and private partners.

The government has committed to a five-year investment of \$20 billion in infrastructure through SuperBuild, including partner contributions. By the end of this fiscal year, SuperBuild will have already invested close to \$9 billion and committed substantial additional funding to municipal infrastructure. Through partnerships with our hospitals, colleges, universities, municipalities, the federal government and the private sector, the total invested will reach over \$13 billion.

SuperBuild Capital Investment Total \$8,860 million*, 1999-2000 to 2001-02



* Second-Quarter Outlook

SuperBuild's investments have helped to ensure that public capital investment remains strong, which is helping Ontario weather the current unsettled conditions in the world economy. The value of institutional and government building permits was up 51 per cent in the first eight months of 2001, compared to the first eight months of last year. Public-sector capital investment is currently forecast to grow 9.3 per cent for 2001, well ahead of the economy's growth rate. In the coming months, SuperBuild's investments in highways, hospitals, universities, colleges, water treatment plants and other municipal projects will stimulate local economies and provide construction jobs in every area of the province.

HIGHWAYS AND TRANSIT SYSTEMS FOR THE FUTURE

Rebuilding the province's transportation system is one of the government's key capital investment priorities. Since 1995, the Province has invested more than \$5 billion in the highway system. As a result, approximately 90 per cent of the highway network in southern Ontario is now in good condition, up from 62 per cent in 1995. Highway conditions have also improved significantly in the North since 1995, and extensive sections of Highways 11 and 69 have been expanded from two to four lanes.

Ontario's economy has grown so quickly that highway congestion has become a problem, especially in large urban areas and on major trade routes. To keep people and goods moving freely and to meet Ontario's Smart Growth objectives, the government committed to a balanced, strategic approach to unlocking gridlock through major SuperBuild investments over the next 10 years. These investments will include a balance of both highways and transit.

Selected Strategic Transportation Projects

Major Highway Projects Recently Completed or Planned for the Near Future	Highways for the Future	Transit for the Future
400-series <ul style="list-style-type: none">- 401 Rehabilitation in GTA- 400 Widening in Toronto and York Region- 401 Widening, Newcastle to Port Hope	407 East 427 Extension Mid-Peninsula Niagara Corridor 404 & Bradford Bypass New East-West GTA Corridor Ottawa Ring Road Windsor-Detroit Border Crossing	Inter-Regional Transit Expansion in the Golden Horseshoe Strategic Transit Expansion in Other Cities Municipal Transit Renewal GO Transit Capital Investment & Operations
Other Provincial Highways <ul style="list-style-type: none">- Hwy 7 & 8 Widening and Interchange, Kitchener- Hwy 15 Reconstruction, Portland to Lombardy- New Hwy 26, Wasaga Beach to Collingwood		
Northern Highways <ul style="list-style-type: none">- Hwy 11 Widening North of Huntsville- Hwy 17 Resurfacing- Hwy 69 Widening South of Parry Sound		

Ontario has committed \$3.25 billion over the next 10 years to renew and expand transit systems. This will include support for an expanded GO Transit, new inter-regional transit services in the Golden Horseshoe, transit expansion in other Ontario cities and funding to replace aging assets. If federal and municipal partners also contribute equal shares, more than \$9 billion of transit investment could be achieved.

The Province has also committed \$10 billion over the next 10 years for highways, to ensure that the highway system will be able to serve a growing population and economy.

A SPACE FOR EVERY QUALIFIED STUDENT

Anticipating future growth in post-secondary enrolment and the need to accommodate the double class of high school graduates in 2003, the Province invested more than \$1 billion in 1999-2000 to ensure that universities and colleges have spaces for every qualified student.

SuperBuild's investment will result in an additional investment of at least \$800 million from partners, and the creation of more than 73,000 new student spaces.

In addition, the Province supports capital investment in elementary and secondary schools through the Pupil Accommodation Grant. In the last two school years, school boards received \$836 million in capital funding, which levered \$2.3 billion of capital investment. This year, school boards will receive more than \$500 million for repairing, upgrading and building schools.

D: Policies for a Sound Economy

A Selection of SuperBuild Major Post-Secondary Capital Projects Currently under Construction

Project Title	Description	SuperBuild Funding	Original Investment* Value
St. Clair College—Centre for Excellence in Manufacturing	Construction of a new building to house the Centre for Excellence in Manufacturing and to provide instructional space for the Information Technology and Manufacturing programs. The new space as currently planned will contain five laboratories and five shops. Expected opening date: September 1, 2003.	\$10.98 M	\$24.40 M
University of Toronto—Bahan Centre for Information Technology	Construction of a new building to provide instructional facilities for students in Computer Science, Electrical and Computer Engineering, and Mechanical and Industrial Engineering. It will also house the Advanced Technologies Research Facility, which conducts research in partnership with industry, including Bell Canada, the Centre for Advanced Coating Technologies, and Nortel. The new space will contain 31 classrooms and 80 laboratories. Expected opening date: May 1, 2002.	\$24.03 M	\$88.14 M
Queen's University—New Chemistry Building and School of Business Renovation	Building a new Millennium Chemistry Building and renovation of space in the university's old chemistry building and in its School of Business. The new space will contain 34 classrooms and 30 laboratories. Expected opening date: September 1, 2002.	\$39.96 M	\$94.56 M
Canadore College—Integrated Aviation Program Relocation	Development of a new, comprehensive aerospace campus at the North Bay Airport, allowing the college to relocate its aviation/aerospace programs from the current non-sustainable site. The project will allow Canadore to increase aerospace-related enrolment by approximately 40 per cent. Expected opening date: August 1, 2002.	\$8.60 M	\$12.49 M

* Includes investments by colleges, universities and private-sector funding partners.

MODERNIZING OUR HOSPITALS

The province needs 21st-century health infrastructure that can deliver 21st-century health services. Since 1996-97, Ontario has invested \$2.2 billion to modernize and upgrade hospitals in 22 communities across the province to implement directions from the Health Services Restructuring Commission, including \$1.4 billion in SuperBuild investments. Together with the contributions of our partners, this multi-year investment will provide over \$3 billion in new hospital construction and renovation. Many of these projects are currently underway or will start in the near future.

Despite significant Provincial investment, demand for capital investment in health infrastructure remains high as the population ages and new diagnostic and treatment technologies become available. That is why, as part of the 2001 Budget, the government announced that SuperBuild will work with the Ministry of Health and Long-Term Care to develop a long-term health infrastructure strategy that will address current and future capital needs. The strategy will examine the potential for public-private partnerships and other tools to finance new capital investment in the health care system.

Selected SuperBuild Hospital Projects

The Hotel Dieu Grace Hospital, Windsor: Ontario's capital investment of \$52.1 million will support construction of a new wing with an expanded emergency room, new operating rooms, and new diagnostic imaging department. The total project cost is \$76.6 million. Construction is expected to be complete by late 2002.

St. Joseph's Hospital and Home, Guelph: The Province's contribution of \$21.7 million will support construction of a new facility offering a variety of long-term care, rehabilitation, complex continuing care and ambulatory services. The total project cost is \$31.5 million. Completion is expected in April 2002.

Northumberland Health Care Corporation, Cobourg: Ontario's capital investment of \$38.3 million will support the construction of a new facility to enable the hospital to provide complex continuing care, rehabilitation, mental health, acute and emergency services in a state-of-the-art environment. The facility is estimated to cost \$54.9 million. Completion is expected in the fall of 2003.

St. Joseph's Health Centre, Toronto: Ontario has committed \$42.6 million in capital funding to modernize the hospital. The project's first phase to enhance emergency, ambulatory care and inpatient mental health services is underway. The final phase will accommodate various new clinical and inpatient services. The total project cost is \$64.7 million. Construction is expected to be complete by 2004.

Grand River Regional Cancer Centre: Construction of the new regional cancer centre in Kitchener-Waterloo will offer state-of-the-art cancer services. The Province is providing \$36.7 million in capital funding through SuperBuild towards the project cost of \$52.5 million. Completion is expected in September 2002.

STRENGTHENING MUNICIPAL INFRASTRUCTURE

In the 2000 Budget, the government announced three major SuperBuild partnership initiatives designed to strengthen the economies and quality of life in communities throughout Ontario. SuperBuild will be investing \$1.9 billion towards improvements in municipal water and sewer systems, roads, bridges, sport, tourism and cultural facilities, and a variety of other important local projects, including revitalization of the Toronto waterfront. Partner contributions will significantly increase the total investment.

The government is committed to moving forward quickly on these initiatives. It recognizes that municipalities are currently in the process of drafting their capital budgets for the coming year and need certainty about SuperBuild funding to be able to finalize their plans. In a period of economic uncertainty, these projects will support jobs and business for local contractors and suppliers all across Ontario.

As part of the government's commitment to fast-track this process, we are announcing the following SuperBuild projects:

Millennium Partnerships

University of Waterloo Technology Park

\$13.4 million towards a \$214-million proposal to create a Research and Technology Park at the University of Waterloo. The goal of this partnership, comprising the Region, the University, the City of Waterloo, and the private sector, is to create a Park that will be a catalyst for business and academia to succeed and prosper through collaborative research and development; create a research environment to stimulate delivery of technology from the laboratory to the marketplace; provide employment to co-op students and graduates; and respond to the demand for space from local businesses, serving to retain existing jobs and create new jobs in the region.

Sudbury Water Treatment Plant

\$6.6 million towards a \$20-million investment, bringing Sudbury's David Street Water Treatment Plant into compliance with the new Drinking Water Protection Regulation and providing clean water that meets Ontario's new stringent standards to 40,000 residents of that city.

London Economic Development/Transportation

\$32 million towards a \$96-million package of projects that will open up new serviced industrial land in the southern part of the City of London and address its transportation infrastructure priorities, ensuring it is able to take full advantage of its strategic location directly north of Highway 401 in the heart of southwestern Ontario.

Ottawa Economic Development and Tourism

\$70 million towards a package of transportation and tourism investments in the City of Ottawa that will improve access to business parks, promote local tourism, and support the city's Smart Growth plans.

These municipalities have committed to at least match our funding commitment. Ontario and its partnering municipalities look forward to federal announcements committing it to full funding partnership as well.

During the coming weeks, the government will be making a series of announcements throughout the province as part of its commitment to fast-track project funding commitments. Hundreds of SuperBuild projects will be announced shortly.

SAFE DRINKING WATER

Safe, clean drinking water is fundamental to Ontario's quality of life. As part of Operation Clean Water, the Province established a new Ontario Drinking Water Protection Regulation in 2000. The regulation raises the standards that municipal drinking water systems must meet. SuperBuild is providing \$240 million to help municipalities comply with the new regulation and carry out other critical health and safety projects.

In response to municipal concerns about the proposed funding formula for public health and safety projects, including clean drinking water projects, the Province has committed to a one-third funding share. Ontario has asked the federal government for an early commitment to its matching one-third share.

In addition, the government has asked the SuperBuild Advisory Board to guide the development of a long-term water and sewer infrastructure investment and financing strategy. As part of the strategy, the board will be evaluating options for moving to full-cost pricing and the implications of full-cost pricing for water and sewer services. This strategy is expected to be ready for the government's consideration in 2002.

Economic Data Tables

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ONTARIO ECONOMIC REGIONS

(Note: Data in the tables may not add to totals due to rounding.)

Economic Data Tables

Table 1

Outlook for the Ontario Economy

(Annual Average Per Cent Change)

	Actual		Private-Sector Average		
	1999	2000	2001p	2002p	2003p
Gross Domestic Product					
Real	7.4	5.3	1.1	1.3	4.3
Nominal	7.3	5.9	3.9	2.7	6.1
Other Economic Indicators					
Retail Sales	7.3	7.3	3.3	3.5	5.2
Housing Starts - Units (000s)	67.2	71.5	73.9	71.0	73.5
Personal Income	6.3	6.4	4.1	2.9	5.5
Pre-Tax Corporate Profits	15.7	5.8	-2.2	-3.2	12.6
Consumer Price Index (1992=100)	1.9	2.9	3.3	2.0	2.0
Labour Market					
Employment	3.6	3.2	1.5	0.3	2.3
Unemployment Rate (%)	6.3	5.7	6.3	7.1	6.6

p = private-sector projection.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Ontario Ministry of Finance and Ministry of Finance Survey of Private-Sector Forecasts (November 2001).

2001 Ontario Economic Outlook and Fiscal Review

Table 2

Ontario, Gross Domestic Product, 1987-2000

	(\$ Billions)						
	1987	1988	1989	1990	1991	1992	1993
Real Gross Domestic Product (\$1997)	292.7	308.4	318.8	314.7	302.8	305.3	309.0
Consumption	160.3	168.8	175.4	176.2	173.1	175.9	178.3
Government	58.9	62.2	65.0	68.6	71.8	72.2	71.7
Residential Construction	20.5	21.3	23.1	18.8	15.9	16.8	15.4
Non-Residential Construction	12.0	13.2	14.0	12.9	12.5	11.0	8.9
Machinery and Equipment	14.5	17.1	17.6	17.1	16.4	17.6	16.9
Exports	144.3	156.0	161.9	162.4	158.4	165.0	178.8
Imports	121.3	137.2	143.9	141.5	141.3	149.8	158.7
Nominal Gross Domestic Product	231.1	256.7	279.1	283.3	283.4	287.0	294.0

Table 2 (continued)

	(\$ Billions)						
	1994	1995	1996	1997	1998	1999	2000
Real Gross Domestic Product (\$1997)	327.4	339.5	343.1	360.0	377.4	405.2	426.6
Consumption	183.7	187.6	191.7	200.7	208.0	216.6	225.6
Government	72.5	73.1	70.6	70.5	71.2	74.8	78.8
Residential Construction	15.8	13.6	14.9	17.2	16.8	19.2	20.2
Non-Residential Construction	7.8	7.6	9.2	10.0	10.1	11.1	10.5
Machinery and Equipment	19.6	21.7	23.8	29.3	31.8	34.7	38.8
Exports	197.8	214.2	225.9	242.6	260.7	290.0	307.6
Imports	169.4	181.0	190.4	213.3	222.6	241.7	257.6
Nominal Gross Domestic Product	311.6	329.9	338.8	360.0	378.1	405.6	429.5

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 3

Ontario, Growth in Gross Domestic Product, 1987-2000

	(Per Cent Change)						
	1987	1988	1989	1990	1991	1992	1993
Real Gross Domestic Product (\$1997)	4.7	5.4	3.4	-1.3	-3.8	0.9	1.2
Consumption	5.2	5.3	3.9	0.5	-1.8	1.6	1.4
Government	4.1	5.7	4.5	5.4	4.7	0.5	-0.6
Residential Construction	15.9	3.6	8.9	-18.8	-15.2	5.4	-8.5
Non-Residential Construction	10.2	10.1	6.1	-7.8	-3.5	-11.9	-19.3
Machinery and Equipment	12.2	17.6	3.0	-2.6	-4.0	7.1	-4.0
Exports	2.6	8.1	3.8	0.3	-2.5	4.2	8.3
Imports	5.7	13.1	4.9	-1.7	-0.1	6.0	5.9
Nominal Gross Domestic Product	10.7	11.1	8.7	1.5	0.1	1.3	2.4

Table 3 (continued)

	(Per Cent Change)						
	1994	1995	1996	1997	1998	1999	2000
Real Gross Domestic Product (\$1997)	6.0	3.7	1.1	4.9	4.8	7.4	5.3
Consumption	3.0	2.1	2.2	4.7	3.7	4.1	4.1
Government	1.1	0.8	-3.5	0.0	0.9	5.0	5.4
Residential Construction	2.8	-14.0	9.6	15.2	-1.8	14.0	5.0
Non-Residential Construction	-12.2	-2.3	20.3	9.3	1.3	9.3	-5.2
Machinery and Equipment	15.7	11.1	9.4	23.1	8.7	8.9	12.1
Exports	10.6	8.3	5.4	7.4	7.5	11.2	6.0
Imports	6.8	6.8	5.2	12.0	4.4	8.6	6.6
Nominal Gross Domestic Product	6.0	5.9	2.7	6.3	5.0	7.3	5.9

Sources: Statistics Canada and Ontario Ministry of Finance.

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Table 4

Ontario, Selected Economic Indicators, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
Retail Sales* (\$ Billions)	64.7	69.8	72.6	72.6	67.3	68.9	71.7
Housing Starts - Units (000s)	105.2	99.9	93.3	62.6	52.8	55.8	45.1
Personal Income (\$ Billions)	187.6	208.7	229.0	241.7	247.7	253.8	256.1
Pre-Tax Corporate Profits (\$ Billions)	25.6	29.4	27.4	19.8	14.6	14.5	17.9
Consumer Price Index (1992 = 100)	81.4	85.3	90.2	94.6	99.0	100.0	101.8
Labour Force (000s)	5,209	5,354	5,470	5,533	5,544	5,542	5,581
Employment (000s)	4,893	5,083	5,193	5,191	5,016	4,949	4,974
Unemployment Rate (%)	6.1	5.1	5.1	6.2	9.5	10.7	10.9

Table 4 (continued)

1994 1995 1996 1997 1998 1999 2000

Retail Sales* (\$ Billions)	76.9	79.6	80.2	86.4	92.4	99.2	106.4
Housing Starts - Units (000s)	46.6	35.8	43.1	54.1	53.8	67.2	71.5
Personal Income (\$ Billions)	260.6	271.4	276.3	289.5	303.1	322.2	342.8
Pre-Tax Corporate Profits (\$ Billions)	27.9	33.1	34.2	37.5	40.3	46.6	49.3
Consumer Price Index (1992 = 100)	101.8	104.3	105.9	107.9	108.9	111.0	114.2
Labour Force (000s)	5,574	5,620	5,695	5,801	5,914	6,071	6,228
Employment (000s)	5,039	5,131	5,181	5,313	5,490	5,688	5,872
Unemployment Rate (%)	9.6	8.7	9.0	8.4	7.2	6.3	5.7

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

Economic Data Tables

Table 5

Ontario, Economic Indicators, Annual Change, 1987-2000

	(Per Cent Change)						
	1987	1988	1989	1990	1991	1992	1993
Retail Sales*	10.5	7.8	4.0	0.0	-7.2	2.3	4.1
Housing Starts	29.1	-5.0	-6.6	-32.9	-15.7	5.6	-19.1
Personal Income	9.6	11.3	9.7	5.5	2.5	2.5	0.9
Pre-Tax Corporate Profits	21.8	14.7	-6.7	-27.8	-26.0	-0.8	23.1
Consumer Price Index	5.0	4.8	5.7	4.9	4.7	1.0	1.8
Labour Force	2.6	2.8	2.2	1.2	0.2	0.0	0.7
Employment	3.6	3.9	2.2	0.0	-3.4	-1.3	0.5

Table 5 (continued)

(Per Cent Change)

	1994	1995	1996	1997	1998	1999	2000
Retail Sales*	7.2	3.6	0.7	7.8	6.9	7.3	7.3
Housing Starts	3.3	-23.2	20.2	25.6	-0.4	24.9	6.4
Personal Income	1.8	4.1	1.8	4.8	4.7	6.3	6.4
Pre-Tax Corporate Profits	55.8	18.7	3.3	9.9	7.4	15.7	5.8
Consumer Price Index	0.0	2.5	1.5	1.9	0.9	1.9	2.9
Labour Force	-0.1	0.8	1.3	1.9	1.9	2.6	2.6
Employment	1.3	1.8	1.0	2.6	3.3	3.6	3.2

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

2001 Ontario Economic Outlook and Fiscal Review

Table 6

Ontario, Real Gross Domestic Product by Industry¹, 1997-2000

	(\$ Millions)			
	1997	1998	1999	2000
Goods Producing Industries (\$1997)	104,051	108,821	117,761	122,715
Primary Industries	6,863	7,077	6,957	6,876
Mining, Oil and Gas	2,857	2,830	2,682	2,636
Utilities	10,019	9,603	10,064	10,514
Construction	15,521	15,778	17,589	18,304
Manufacturing ²	71,648	76,364	83,151	87,021
Services Producing Industries	227,333	238,421	252,940	266,446
Trade	36,369	39,799	44,627	47,304
Wholesale	19,926	21,770	25,170	26,637
Retail	16,443	18,029	19,458	20,667
Transportation and Warehousing	14,076	14,553	15,194	15,991
Transportation	13,682	14,123	14,747	15,544
Warehousing and Storage	395	429	447	447
Information and Cultural Industries	11,434	12,455	15,150	17,293
Finance, Insurance, Real Estate and Leasing	71,775	74,394	77,638	81,218
Professional, Scientific and Technical Services	13,909	15,377	17,097	19,159
Management, Administrative and Other Support Services	7,298	8,118	8,890	9,747
Educational Services	16,920	17,377	17,335	17,316
Health Care and Social Assistance	19,705	20,006	19,895	20,143
Arts, Entertainment and Recreation	3,169	3,221	3,329	3,519
Accommodation and Food Services	6,999	7,446	7,986	8,214
Other Services	7,404	7,599	7,635	7,796
Government Services	18,276	18,077	18,165	18,747
Federal	8,466	8,448	8,724	8,973
Provincial	4,577	4,532	4,511	4,616
Local	5,232	5,097	4,929	5,158
Total Production (\$1997) at Basic Prices	331,384	347,242	370,702	389,160
Indirect Taxes on Products Less Subsidies	28,569	30,155	34,532	37,465
Gross Domestic Product (\$1997) at Market Prices	359,953	377,397	405,234	426,625

Notes:

1. Gross Domestic Product on an industry basis is at basic prices, whereas GDP on an expenditure basis is at market prices.
2. See Table 8 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 7

Ontario, Growth in Real Gross Domestic Product by Industry¹, 1998-2000

	(Per Cent Change)		
	1998	1999	2000
Goods Producing Industries (\$1997)	4.6	8.2	4.2
Primary Industries	3.1	-1.7	-1.2
Mining, Oil and Gas	-0.9	-5.2	-1.7
Utilities	-4.2	4.8	4.5
Construction	1.7	11.5	4.1
Manufacturing ²	6.6	8.9	4.7
 Services Producing Industries	 4.9	 6.1	 5.3
Trade	9.4	12.1	6.0
Wholesale	9.3	15.6	5.8
Retail	9.6	7.9	6.2
Transportation and Warehousing	3.4	4.4	5.2
Transportation	3.2	4.4	5.4
Warehousing and Storage	8.8	4.1	0.1
Information and Cultural Industries	8.9	21.6	14.1
Finance, Insurance, Real Estate and Leasing	3.6	4.4	4.6
Professional, Scientific and Technical Services	10.6	11.2	12.1
Management, Administrative and Other Support Services	11.2	9.5	9.6
Educational Services	2.7	-0.2	-0.1
Health Care and Social Assistance	1.5	-0.6	1.2
Arts, Entertainment and Recreation	1.7	3.3	5.7
Accommodation and Food Services	6.4	7.3	2.9
Other Services	2.6	0.5	2.1
Government Services	-1.1	0.5	3.2
Federal	-0.2	3.3	2.8
Provincial	-1.0	-0.5	2.3
Local	-2.6	-3.3	4.7
 Total Production (\$1997) at Basic Prices	 4.8	 6.8	 5.0
 Gross Domestic Product (\$1997) at Market Prices	 4.8	 7.4	 5.3

Notes:

1. Gross Domestic Product on an industry basis is at basic prices, whereas GDP on an expenditure basis is at market prices.

2. See Table 9 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

Table 8**Ontario, Real Gross Domestic Product in
Selected Manufacturing Industries, 1997-2000**

	(\$ Millions)			
	1997	1998	1999	2000
Manufacturing (\$1997)	71,648	76,364	83,151	87,021
Food	6,404	6,776	6,847	7,072
Beverage & Tobacco Products	2,440	2,602	2,639	2,634
Textile & Textile Product Mills	742	819	808	758
Clothing	908	943	906	879
Leather & Allied Products	157	167	155	114
Paper	3,459	3,366	3,703	3,787
Printing	2,216	2,196	2,197	2,190
Petroleum & Coal Products	595	620	772	819
Chemical	6,138	6,370	6,538	6,555
Rubber Products	1,308	1,321	1,436	1,635
Non-Metallic Mineral Products	1,840	2,069	2,278	2,357
Primary & Fabricated Metal Products	9,987	10,895	11,314	11,539
Machinery, Electrical and Electronic Products	11,991	13,121	14,725	17,705
Transportation Equipment	16,043	16,923	19,691	19,697
Furniture Products	1,822	2,163	2,442	2,815
Other Manufacturing	5,599	6,015	6,699	6,465

Note: Gross Domestic Product on an industry basis is at basic prices, whereas GDP on an expenditure basis is at market prices.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 9

**Ontario, Growth in Real Gross Domestic Product in
Selected Manufacturing Industries, 1998-2000**

	(Per Cent Change)		
	1998	1999	2000
Manufacturing (\$1997)	6.6	8.9	4.7
Food	5.8	1.1	3.3
Beverage & Tobacco Products	6.6	1.4	-0.2
Textile & Textile Product Mills	10.4	-1.3	-6.2
Clothing	3.8	-3.9	-3.0
Leather & Allied Products	6.1	-6.8	-26.4
Paper	-2.7	10.0	2.3
Printing	-0.9	0.0	-0.3
Petroleum & Coal Products	4.1	24.4	6.2
Chemical	3.8	2.6	0.3
Rubber Products	1.0	8.8	13.8
Non-Metallic Mineral Products	12.4	10.1	3.5
Primary & Fabricated Metal Products	9.1	3.8	2.0
Machinery, Electrical and Electronic Products	9.4	12.2	20.2
Transportation Equipment	5.5	16.4	0.0
Furniture Products	18.7	12.9	15.3
Other Manufacturing	7.4	11.4	-3.5

Note: Gross Domestic Product on an industry basis is at basic prices, whereas GDP on an expenditure basis is at market prices.

Sources: Statistics Canada and Ontario Ministry of Finance.

2001 Ontario Economic Outlook and Fiscal Review

Table 10

Ontario, Housing Market Indicators, 1994-2000

	1994	1995	1996	1997	1998	1999	2000
Residential Construction							
Current \$ Millions*	15,353	13,279	14,549	17,154	17,228	20,128	21,799
	5.0	-13.5	9.6	17.9	0.4	16.8	8.3
New Construction*	7,461	5,962	6,554	8,257	8,350	10,573	11,775
	12.2	-20.1	9.9	27.2	1.1	26.6	11.4
Alterations and Improvements*	5,058	4,996	5,339	5,711	5,760	6,087	6,370
	-4.7	-1.2	6.9	6.1	0.9	5.7	4.6
Transfer Costs*	2,834	2,321	2,656	3,186	3,118	3,468	3,654
	6.2	-18.1	14.4	19.0	-2.1	11.2	5.4
Housing Starts (000's)*	46.6	35.8	43.1	54.1	53.8	67.2	71.5
	3.3	-23.2	20.2	25.6	-0.4	24.9	6.4
Home Resales (000's)*	115.2	105.0	137.9	140.6	138.5	148.7	147.0
	7.8	-8.8	31.4	1.9	-1.5	7.4	-1.1
Average Resale Home Price (\$)*	160,158	154,606	155,662	164,382	167,115	174,049	183,869
	2.3	-3.5	0.7	5.6	1.7	4.1	5.6

* Per cent change is shown on second line.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association and Ontario Ministry of Finance.

Economic Data Tables

Table 11

Selected Financial Indicators, 1987-2000

	(Per Cent)						
	1987	1988	1989	1990	1991	1992	1993
Interest Rates							
Bank Rate	8.4	9.7	12.3	13.0	9.0	6.8	5.1
Prime Rate	9.5	10.8	13.3	14.1	9.9	7.5	5.9
10-Year Government Bonds	9.5	9.8	9.8	10.8	9.4	8.1	7.2
Three-Month T-Bills	8.1	9.5	12.1	12.8	8.7	6.6	4.8
Mortgage Rates							
5-Year Rate	11.2	11.6	12.1	13.4	11.1	9.5	8.8
1-Year Rate	9.9	10.8	12.9	13.4	10.1	7.9	6.9
Household Debt Burden*							
Consumer	19.2	20.1	20.5	21.2	21.0	20.9	20.9
Mortgage	42.7	46.4	49.1	53.1	55.7	59.0	61.9
Total	62.0	66.5	69.6	74.3	76.7	79.9	82.8

Table 11 (continued)

	1994	1995	1996	1997	1998	1999	2000
Interest Rates							
Bank Rate	5.8	7.3	4.5	3.5	5.1	4.9	5.8
Prime Rate	6.9	8.6	6.1	5.0	6.6	6.4	7.3
10-Year Government Bonds	8.4	8.1	7.2	6.1	5.3	5.6	5.9
Three-Month T-Bills	5.5	6.9	4.2	3.3	4.7	4.7	5.5
Mortgage Rates							
5-Year Rate	9.5	9.2	7.9	7.1	6.9	7.6	8.4
1-Year Rate	7.8	8.4	6.2	5.5	6.5	6.8	7.9
Household Debt Burden*							
Consumer	22.2	23.0	24.2	25.8	27.4	28.1	29.8
Mortgage	65.1	65.2	66.7	67.9	68.5	68.2	67.6
Total	87.3	88.2	91.0	93.7	96.0	96.3	97.3

* Canadian household debt as a share of personal disposable income.

Note: All data are annual averages.

Sources: Statistics Canada and Bank of Canada.

2001 Ontario Economic Outlook and Fiscal Review

Table 12

Ontario and the G-7, Real Gross Domestic Product Growth, 1987-2000

	(Per Cent)						
	1987	1988	1989	1990	1991	1992	1993
Ontario	4.7	5.4	3.4	-1.3	-3.8	0.9	1.2
Canada	4.2	4.9	2.6	0.2	-2.1	0.9	2.4
France	2.5	4.2	4.1	2.6	1.0	1.5	-1.0
Germany	1.5	3.7	3.6	5.7	5.0	2.2	-1.1
Italy	3.0	3.9	2.9	2.0	1.4	0.8	-0.9
Japan	4.5	6.5	5.3	5.3	3.1	0.9	0.4
United Kingdom	4.4	5.2	2.1	0.7	-1.5	0.1	2.3
United States	3.4	4.2	3.5	1.8	-0.5	3.0	2.7

Table 12 (continued)

	(Per Cent)						
	1994	1995	1996	1997	1998	1999	2000
Ontario	6.0	3.7	1.1	4.9	4.8	7.4	5.3
Canada	4.7	2.8	1.6	4.3	3.9	5.1	4.4
France	2.0	1.7	1.1	1.9	3.5	3.0	3.2
Germany	2.3	1.7	0.8	1.4	2.1	1.6	3.0
Italy	2.2	2.9	1.1	2.0	1.8	1.6	2.9
Japan	1.0	1.6	3.5	1.8	-1.1	0.8	1.5
United Kingdom	4.4	2.8	2.6	3.5	2.6	2.3	3.1
United States	4.0	2.7	3.6	4.4	4.3	4.1	4.1

Sources: OECD, U.S. Department of Commerce and Statistics Canada.

Economic Data Tables

Table 13

Ontario and the G-7, Employment Growth, 1987-2000

	(Per Cent)						
	1987	1988	1989	1990	1991	1992	1993
Ontario	3.6	3.9	2.2	0.0	-3.4	-1.3	0.5
Canada	2.9	3.2	2.2	0.8	-1.8	-0.7	0.8
France	0.4	1.0	1.5	0.8	0.0	-0.6	-1.2
Germany	0.7	0.8	1.5	3.0	2.5	-1.5	-1.4
Italy	-0.3	0.5	-0.1	1.2	0.7	-1.0	-3.1
Japan	1.0	1.7	2.0	2.0	1.9	1.1	0.2
United Kingdom	2.6	4.3	2.4	0.3	-3.0	-2.1	-0.4
United States	2.6	2.2	2.1	1.2	-0.9	0.7	1.5

Table 13 (continued)

(Per Cent)

	1994	1995	1996	1997	1998	1999	2000
Ontario	1.3	1.8	1.0	2.6	3.3	3.6	3.2
Canada	2.0	1.9	0.8	2.3	2.7	2.8	2.6
France	0.1	0.8	0.1	0.5	1.4	1.4	2.4
Germany	-0.2	0.2	-0.3	-0.2	0.9	1.1	1.5
Italy	-1.6	-0.6	0.5	0.4	1.1	1.2	1.9
Japan	0.1	0.1	0.4	1.1	-0.7	-0.8	-0.2
United Kingdom	1.0	1.4	1.1	2.0	1.1	1.3	1.0
United States	2.3	1.5	1.4	2.2	1.5	1.5	1.3

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

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Table 14

Ontario and the G-7, Unemployment Rates, 1987-2000

	1987	1988	1989	1990	1991	1992	1993	(Per Cent)
Ontario	6.1	5.1	5.1	6.2	9.5	10.7	10.9	
Canada	8.8	7.8	7.5	8.1	10.3	11.2	11.4	
France	10.5	10.0	9.3	8.9	9.4	10.4	11.7	
Germany	7.6	7.6	6.9	6.2	5.4	6.3	7.6	
Italy	10.2	10.5	10.2	9.1	8.6	8.8	10.2	
Japan	2.8	2.5	2.3	2.1	2.1	2.2	2.5	
United Kingdom	10.2	7.8	6.1	5.9	8.2	10.2	10.3	
United States	6.2	5.5	5.3	5.6	6.8	7.5	6.9	

Table 14 (continued)

	1994	1995	1996	1997	1998	1999	2000	(Per Cent)
Ontario	9.6	8.7	9.0	8.4	7.2	6.3	5.7	
Canada	10.4	9.4	9.6	9.1	8.3	7.6	6.8	
France	12.2	11.6	12.3	12.4	11.8	11.2	9.7	
Germany	8.2	7.9	8.6	9.5	8.9	8.3	7.8	
Italy	11.2	11.7	11.7	11.8	11.9	11.5	10.7	
Japan	2.9	3.1	3.4	3.4	4.1	4.7	4.7	
United Kingdom	9.4	8.5	7.9	6.5	5.9	6.0	5.5	
United States	6.1	5.6	5.4	4.9	4.5	4.2	4.0	

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

Economic Data Tables

Table 15

Ontario and the G-7, CPI Inflation Rates, 1987-2000

	(Per Cent)						
	1987	1988	1989	1990	1991	1992	1993
Ontario	5.0	4.8	5.7	4.9	4.7	1.0	1.8
Canada	4.4	4.0	5.0	4.8	5.6	1.5	1.8
France	3.3	2.7	3.5	3.6	3.2	2.4	2.1
Germany	0.2	1.3	2.8	2.7	3.6	5.1	4.4
Italy	4.7	5.1	6.3	6.5	6.3	5.3	4.6
Japan	0.1	0.7	2.3	3.1	3.3	1.7	1.2
United Kingdom	4.1	4.9	7.8	9.5	5.9	3.7	1.6
United States	3.6	4.1	4.8	5.4	4.2	3.0	3.0

Table 15 (continued)

(Per Cent)

	1994	1995	1996	1997	1998	1999	2000
Ontario	0.0	2.5	1.5	1.9	0.9	1.9	2.9
Canada	0.2	2.2	1.6	1.6	0.9	1.7	2.7
France	1.7	1.8	2.0	1.2	0.8	0.5	1.7
Germany	2.8	1.7	1.4	1.9	0.9	0.6	1.9
Italy	4.1	5.2	4.0	2.0	2.0	1.6	2.6
Japan	0.7	-0.1	0.1	1.7	0.6	-0.3	-0.6
United Kingdom	2.5	3.4	2.4	3.1	3.4	1.6	2.9
United States	2.6	2.8	3.0	2.3	1.6	2.2	3.4

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

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Table 16

G-7, Exchange Rates, 1987-2000

	(Foreign Currency per Canadian Dollar)						
	1987	1988	1989	1990	1991	1992	1993
Euro*	-	-	-	-	-	-	-
France	4.525	4.831	5.376	4.651	4.902	4.367	4.386
Germany	1.353	1.422	1.585	1.381	1.441	1.289	1.280
Italy	980.4	1,052.6	1,162.8	1,020.4	1,075.3	1,020.4	1,219.5
Japan	108.8	104.1	116.3	123.5	117.2	104.7	85.8
United Kingdom	0.460	0.456	0.515	0.480	0.493	0.469	0.516
United States	0.754	0.812	0.845	0.857	0.873	0.827	0.775

Table 16 (continued)

(Foreign Currency per Canadian Dollar)

	1994	1995	1996	1997	1998	1999	2000
Euro*	-	-	-	-	-	0.631	0.730
France	4.050	3.631	3.750	4.211	3.968	4.139	4.787
Germany	1.184	1.043	1.103	1.251	1.183	1.234	1.427
Italy	1,176.5	1,186.2	1,131.2	1,228.5	1,168.2	1,222.5	1,412.4
Japan	74.7	68.0	79.7	87.3	87.8	76.3	72.6
United Kingdom	0.478	0.461	0.470	0.441	0.407	0.416	0.444
United States	0.732	0.729	0.733	0.722	0.674	0.673	0.673

* Introduced January 4, 1999.

Note: All data are annual averages.

Source: Bank of Canada.

Economic Data Tables

Table 17

Ontario, International Merchandise Exports by Major Commodity¹, 2000

	Value (\$ Millions)	Per Cent of Total
Motor Vehicles, Parts and Accessories	80,162	38.7
Machinery and Mechanical Appliances	25,781	12.5
Electrical Machinery and Equipment	11,169	5.4
Plastics and Plastic Articles	7,120	3.4
Non-Ferrous Metals and Allied Products	6,994	3.4
Pulp; Paper and Allied Products	6,796	3.3
Furniture and Fixtures, Signs, Prefabricated Buildings	5,352	2.6
Prepared Foodstuffs, Beverages and Tobacco	4,006	1.9
Articles of Iron and Steel	3,682	1.8
Scientific, Professional and Photo Equipment, Clocks	3,589	1.7
Precious Metals, Stones and Coins	3,212	1.6
Other Chemical Products	3,029	1.5
Wood and Wood Products	3,012	1.5
Mineral Products	2,926	1.4
Iron and Steel	2,616	1.3
Aircraft, Spacecraft and Parts	2,593	1.3
Rubber and Rubber Articles	2,104	1.0
Articles of Stone, Cement, Ceramic and Glass	1,583	0.8
Organic Chemicals	1,428	0.7
Textiles and Textile Articles	1,382	0.7
Live Animals; Animal Products	1,360	0.7
Vegetable Products; Fats and Oils	1,340	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,201	0.6
Pharmaceutical Products	965	0.5
Railway, Rolling Stock and Parts	957	0.5
Printed Matter	868	0.4
Apparel and Clothing Accessories	792	0.4
Toys, Games and Sports Equipment	582	0.3
Hides, Leather, Travel Goods and Furs	375	0.2
Miscellaneous Articles; Works of Art	319	0.2
Other Textile and Clothing Articles	174	0.1
Ships, Boats and Floating Structures	67	0.0
Footwear	55	0.0
Headgear, Umbrellas, Artificial Flowers	41	0.0
Other Commodities ²	19,438	9.4
Total Exports	207,065	100.0

Notes:

1. Ontario Ministry of Economic Development and Trade definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
2. Other Commodities includes re-exports and special transactions.

Source: Industry Canada.

Table 18**Ontario, International Merchandise Imports by Major Commodity¹, 2000**

	Value (\$ Millions)	Per Cent of Total
Motor Vehicles, Parts and Accessories	48,978	21.6
Machinery and Mechanical Appliances	47,072	20.7
Electrical Machinery and Equipment	31,671	14.0
Scientific, Professional and Photo Equipment, Clocks	8,976	4.0
Plastics and Plastic Articles	8,256	3.6
Non-Ferrous Metals and Allied Products	7,899	3.5
Other Chemical Products	6,990	3.1
Prepared Foodstuffs, Beverages and Tobacco	4,801	2.1
Pulp; Paper and Allied Products	4,520	2.0
Articles of Iron and Steel	4,490	2.0
Furniture and Fixtures, Signs, Prefabricated Buildings	4,089	1.8
Iron and Steel	3,882	1.7
Pharmaceutical Products	3,747	1.7
Vegetable Products; Fats and Oils	3,692	1.6
Rubber and Rubber Articles	3,583	1.6
Organic Chemicals	3,128	1.4
Articles of Stone, Cement, Ceramic and Glass	3,088	1.4
Textiles and Textile Articles	2,974	1.3
Mineral Products	2,966	1.3
Printed Matter	2,362	1.0
Apparel and Clothing Accessories	2,075	0.9
Aircraft, Spacecraft and Parts	1,786	0.8
Precious Metals, Stones and Coins	1,765	0.8
Toys, Games and Sports Equipment	1,720	0.8
Live Animals; Animal Products	1,563	0.7
Wood and Wood Products	1,413	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,134	0.5
Hides, Leather, Travel Goods and Furs	703	0.3
Railway, Rolling Stock and Parts	697	0.3
Footwear	693	0.3
Miscellaneous Articles; Works of Art	668	0.3
Other Textile and Clothing Articles	493	0.2
Ships, Boats and Floating Structures	225	0.1
Headgear, Umbrellas, Artificial Flowers	145	0.1
Other Commodities ²	4,769	2.1
Total Imports	227,011	100.0

Notes:

1. Ontario Ministry of Economic Development and Trade definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
2. Other Commodities includes trans-shipments from one province to another through a foreign jurisdiction and special transactions.

Source: Industry Canada.

Economic Data Tables

Table 19

Ontario, International Merchandise Trade by Major Region, 2000

	Exports (\$ Millions)	Per Cent of Total	Imports (\$ Millions)	Per Cent of Total
United States	193,119	93.3	167,438	73.8
Western Europe	6,775	3.3	15,738	6.9
European Union	5,899	2.8	14,601	6.4
Other Western Europe	876	0.4	1,137	0.5
Eastern Europe	330	0.2	809	0.4
Asia	3,492	1.7	25,457	11.2
Oceania (Pacific)	406	0.2	633	0.3
Pacific Rim	3,768	1.8	25,232	11.1
Caribbean	325	0.2	172	0.1
Latin America	1,845	0.9	12,056	5.3
Mexico	964	0.5	9,978	4.4
Middle East	465	0.2	556	0.2
Africa	307	0.1	495	0.2
Re-Imports (Canada)	0	0.0	3,657	1.6
Total	207,065	100.0	227,011	100.0

Note: Data are customs based, and include re-exports.

Source: Industry Canada.

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Table 20

Canada, International Merchandise Trade by Major Region, 2000

	Exports (\$ Millions)	Per Cent of Total	Imports (\$ Millions)	Per Cent of Total
United States	359,289	87.0	229,564	64.4
Western Europe	20,553	5.0	42,818	12.0
European Union	19,122	4.6	36,877	10.3
Other Western Europe	1,432	0.3	5,941	1.7
Eastern Europe	760	0.2	1,902	0.5
Asia	20,932	5.1	49,532	13.9
Oceania (Pacific)	1,399	0.3	2,090	0.6
Pacific Rim	21,490	5.2	49,610	13.9
Caribbean	889	0.2	871	0.2
Latin America	5,409	1.3	17,585	4.9
Mexico	2,036	0.5	12,067	3.4
Middle East	2,065	0.5	2,839	0.8
Africa	1,569	0.4	2,761	0.8
Re-Imports (Canada)	0	0.0	6,754	1.9
Total	412,867	100.0	356,718	100.0

Note: Data are customs based.

Source: Industry Canada.

Economic Data Tables

Table 21

Ontario, Selected Demographic Characteristics, 1981-2016¹

	Estimates ²			Projections ³		
	1981	1991	2001	2006	2011	2016
Total Population (000s)	8,811	10,428	11,874	12,526	13,199	13,860
Annual Average Growth						
Over Preceding Decade (%)	1.2	1.7	1.3	1.2	1.1	1.0
Median Age (Years)	30.4	33.3	36.8	38.5	39.8	40.8
Age Group Shares (%)						
0-14	21.6	20.1	19.2	17.7	16.3	15.8
15-24	19.0	14.5	13.1	13.4	13.4	12.5
25-44	29.5	34.2	31.9	29.7	27.9	27.5
45-64	19.9	19.6	23.2	26.1	28.3	28.3
65-74	6.1	7.0	6.9	7.0	7.6	9.1
75+	3.8	4.6	5.6	6.2	6.5	6.8
Total Fertility Rate	1.6	1.6	NA	1.5	1.5	1.5
Life Expectancy (Years)						
Male	72.5	75.0	NA	77.6	78.3	79.1
Female	79.2	81.0	NA	82.3	82.8	83.3
Families (000s) ⁴	2,279	2,727	NA	NA	NA	NA
Households (000s) ⁴	2,970	3,638	NA	4,857	5,262	5,667

Notes:

1. Population figures are for July (Census year).
2. Estimates by Statistics Canada based on the 1996 Census adjusted for net Census undercoverage.
3. Projections by Ontario Ministry of Finance released in July 2000 are based on the 1999 postcensal estimates.
4. Census data and projections by Statistics Canada.

Sources: Statistics Canada population estimates and projections and Ontario Ministry of Finance population projections.

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Table 22

Ontario, Components of Population Growth, 1991-92 to 2000-01¹

	(Thousands)				
	1991-92	1992-93	1993-94	1994-95	1995-96
Population at Beginning of Period	10,427.6	10,570.5	10,690.4	10,827.5	10,964.9
Births	152.1	148.7	147.1	147.2	143.1
Deaths	73.6	74.6	77.3	78.2	77.7
Immigrants	128.3	145.0	119.6	119.8	115.4
Emigrants	19.5	18.6	19.2	19.9	20.0
Interprovincial Arrivals	70.8	66.4	64.6	66.9	69.1
Interprovincial Departures	81.9	80.6	74.0	69.7	71.9
Net Non-Permanent Residents	-21.7	-54.4	-12.0	-16.9	-12.2
Population Growth During Period	142.9	120.0	137.1	137.4	136.0
Population at End of Period²	10,570.5	10,690.4	10,827.5	10,964.9	11,100.9
Population Growth (%)	1.4	1.1	1.3	1.3	1.2

Table 22 (continued)

	(Thousands)				
	1996-97	1997-98	1998-99	1999-00	2000-01
Population at Beginning of Period	11,100.9	11,249.5	11,387.3	11,522.7	11,685.3
Births	136.3	133.2	132.1	131.4	130.7
Deaths	80.4	80.1	81.4	83.7	87.6
Immigrants	119.6	106.5	91.8	116.8	149.9
Emigrants	25.0	27.8	28.9	30.5	32.2
Interprovincial Arrivals	70.0	75.2	72.8	78.9	85.8
Interprovincial Departures	68.0	66.0	56.1	56.5	67.9
Net Non-Permanent Residents	-3.9	-3.2	5.0	6.2	10.4
Population Growth During Period	148.8	139.7	136.1	161.7	189.1
Population at End of Period²	11,249.5	11,387.3	11,522.7	11,685.3	11,874.4
Population Growth (%)	1.3	1.2	1.2	1.4	1.6

Notes:

1. Data are from July 1 to June 30 (Census year).
2. The sum of the components does not equal the total change in population due to residual errors.

Source: Statistics Canada.

Economic Data Tables

Table 23

Ontario, Labour Force, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
Labour Force (000s)	5,209	5,354	5,470	5,533	5,544	5,542	5,581
Annual Labour Force Growth (%)	2.6	2.8	2.2	1.2	0.2	0.0	0.7
Participation Rate (%)							
Male	79.0	78.6	78.8	78.0	76.4	75.1	74.4
Female	59.5	61.0	61.3	61.4	61.0	60.0	59.5
Share of Labour Force (%)							
Youth (15-24)	22.4	21.4	20.6	19.6	18.6	18.1	17.3
Older Worker (45+)	25.9	25.9	26.0	26.3	26.6	27.4	28.0

Table 23 (continued)

	1994	1995	1996	1997	1998	1999	2000
Labour Force (000s)	5,574	5,620	5,695	5,801	5,914	6,071	6,228
Annual Labour Force Growth (%)	-0.1	0.8	1.3	1.9	1.9	2.6	2.6
Participation Rate (%)							
Male	73.5	72.9	72.6	72.8	72.6	73.2	73.4
Female	58.8	58.7	58.9	59.1	59.7	60.4	61.2
Share of Labour Force (%)							
Youth (15-24)	16.8	16.4	16.2	15.9	15.7	16.0	16.1
Older Worker (45+)	28.8	29.1	29.5	30.2	30.6	31.3	32.0

Source: Statistics Canada.

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Table 24

Ontario, Employment, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
Total Employment (000s)	4,893	5,083	5,193	5,191	5,016	4,949	4,974
Male	2,760	2,823	2,875	2,851	2,717	2,661	2,688
Female	2,133	2,260	2,318	2,340	2,299	2,288	2,286
Annual Employment Growth (%)	3.6	3.9	2.2	0.0	-3.4	-1.3	0.5
Net Job Creation (000s)	171	190	111	-2	-176	-67	25
Private-Sector Employment (000s)	4,000	4,135	4,225	4,174	3,986	3,899	3,912
Broader Public Sector							
Employment (000s) ¹	892	947	969	1,018	1,029	1,050	1,062
Manufacturing Employment							
(% of total)	21.2	20.8	20.1	19.2	18.0	17.3	16.5
Services Employment							
(% of total)	68.0	68.7	68.9	70.0	71.7	72.7	73.8
Part-time (% of total)	16.3	16.7	16.7	17.1	18.3	18.6	19.7
Average Hours Worked							
Per Week ²	37.7	38.2	38.5	38.1	37.3	36.7	37.2

Table 24 (continued)

1994 1995 1996 1997 1998 1999 2000

Total Employment (000s)	5,039	5,131	5,181	5,313	5,490	5,688	5,872
Male	2,729	2,777	2,798	2,879	2,952	3,058	3,146
Female	2,311	2,353	2,383	2,435	2,538	2,630	2,726
Annual Employment Growth (%)	1.3	1.8	1.0	2.6	3.3	3.6	3.2
Net Job Creation (000s)	65	91	50	133	177	198	184
Private-Sector Employment (000s)	3,974	4,078	4,163	4,317	4,466	4,653	4,817
Broader Public Sector							
Employment (000s) ¹	1,065	1,052	1,018	996	1,024	1,035	1,055
Manufacturing Employment							
(% of total)	16.6	17.1	17.4	17.7	18.0	18.4	18.7
Services Employment							
(% of total)	74.0	73.7	73.6	73.4	73.2	72.7	72.7
Part-time (% of total)	19.0	18.8	19.3	19.2	18.6	18.0	17.9
Average Hours Worked							
Per Week ²	37.6	37.2	37.6	37.8	37.8	37.9	38.1

Notes:

1. Broader Public Sector includes Public Administration, Health Care and Social Assistance, and Educational Services, except for certain private-sector components such as offices of health practitioners and some private-sector educational institutions. Industry groupings are based on the North American Industry Classification System (NAICS).
2. Average actual hours worked per week at all jobs, excluding persons not at work.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 25

Ontario, Unemployment, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
Total Unemployment (000s)	316	271	276	342	528	593	607
Unemployment Rate (%)	6.1	5.1	5.1	6.2	9.5	10.7	10.9
Male	5.5	4.7	4.8	6.2	10.0	11.9	11.5
Female	6.8	5.6	5.4	6.1	8.9	9.3	10.1
Toronto CMA	4.5	3.8	4.0	5.2	9.5	11.2	11.4
Northern Ontario	9.7	8.0	7.3	8.1	11.4	12.6	12.4
Youth (15-24)	9.4	7.9	7.7	10.0	15.0	17.4	17.5
Older Workers (45+)	4.4	3.6	3.3	4.0	6.8	7.4	7.6
Unemployment (% of total)							
Long-Term (27 weeks+)	16.7	12.8	13.2	13.7	22.5	29.7	33.4
Youth (15-24)	34.8	33.2	31.3	31.7	29.3	29.5	27.8
Older Workers (45+)	18.8	18.3	17.0	16.9	19.0	19.0	19.5
Average Duration (weeks) ¹	16.1	13.4	13.5	13.7	18.5	23.3	26.9
Youth (15-24)	10.8	8.6	8.4	10.0	13.5	16.6	18.4
Older Workers (45+)	22.2	20.0	19.5	18.9	22.7	29.7	33.7

Table 25 (continued)

	1994	1995	1996	1997	1998	1999	2000
Total Unemployment (000s)	535	489	515	488	424	383	356
Unemployment Rate (%)	9.6	8.7	9.0	8.4	7.2	6.3	5.7
Male	10.0	8.9	9.0	8.2	7.1	6.2	5.5
Female	9.1	8.5	9.0	8.7	7.2	6.4	5.9
Toronto CMA	10.4	8.6	9.1	8.0	7.0	6.1	5.5
Northern Ontario	11.6	9.9	10.7	10.4	11.0	9.0	8.2
Youth (15-24)	15.5	14.6	14.9	16.4	14.4	13.1	11.8
Older Workers (45+)	7.0	6.5	6.4	5.9	5.3	4.2	4.0
Unemployment (% of total)							
Long-Term (27 weeks+)	32.3	29.4	28.3	25.5	21.8	19.0	15.4
Youth (15-24)	27.1	27.5	26.6	30.9	31.5	33.3	33.1
Older Workers (45+)	21.1	21.7	20.8	21.3	22.6	20.7	22.4
Average Duration (weeks) ¹	27.5	25.8	24.8	26.6	23.2	21.2	17.8
Youth (15-24)	17.8	16.2	15.4	13.7	12.7	11.5	9.8
Older Workers (45+)	34.6	33.4	31.1	42.6	39.2	33.6	28.1

Note:

- Prior to 1997, unemployment of 100 or more weeks was recorded as 99 due to data processing limitations. This restriction was removed for data after 1996.

Source: Statistics Canada.

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Table 26

Ontario, Employment Insurance (EI) and Social Assistance, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
EI Regular Beneficiaries (000s)	190	172	167	225	319	322	294
EI Maximum Insurable Earnings (\$) ¹	530	565	605	640	680	710	745
EI Maximum Weekly Entitlement (\$)	318	339	363	384	408	426	425
EI Premium Rate							
Employer (\$/\$100 Insurable Earnings)	3.29	3.29	2.73	3.15	3.15/3.92 ²	4.20	4.20
Employee (\$/\$100 Insurable Earnings)	2.35	2.35	1.95	2.25	2.25/2.80 ²	3.00	3.00
EI Total Benefits Paid (\$ millions) ³	2,387	2,370	2,470	3,419	5,362	5,845	5,406
EI Premiums Paid (\$ millions) ³	4,379	4,804	4,346	5,281	6,058	7,279	7,400
Social Assistance Caseload (000s)	279	289	307	366	499	608	660

Table 26 (continued)

	1994	1995	1996	1997	1998	1999	2000
EI Regular Beneficiaries (000s)	228	181	180	151	131	110	101
EI Maximum Insurable Earnings (\$) ¹	780	815	750	39,000	39,000	39,000	39,000
EI Maximum Weekly Entitlement (\$)	429	448	413	413	413	413	413
EI Premium Rate							
Employer (\$/\$100 Insurable Earnings)	4.30	4.20	4.13	4.06	3.78	3.57	3.36
Employee (\$/\$100 Insurable Earnings)	3.07	3.00	2.95	2.90	2.70	2.55	2.40
EI Total Benefits Paid (\$ millions) ³	4,511	3,796	3,653	3,436	3,141	3,051	2,787
EI Premiums Paid (\$ millions) ³	7,797	7,997	7,555	7,980	7,984	7,587 ⁴	7,677 ⁴
Social Assistance Caseload (000s)	673	660	600	568	529 ⁵	479 ⁵	435 ⁵

Notes :

1. Effective January 1, 1997, the maximum weekly insurable earnings of \$750 was eliminated and replaced with an annual maximum set at \$39,000.
2. Premium rates for 1991 changed at mid-year.
3. Employment Insurance benefit payments are on a cash basis; premiums are paid on an accrual basis.
4. Premiums paid in 1999 and 2000 are Ontario Ministry of Finance estimates.
5. The number of social assistance cases from 1998 to 2000 includes recipients of the Ontario Works program, the Ontario Disability Support Program, Temporary Care Assistance and the Assistance for Children with Severe Disabilities program. The *Ontario Works Act* was proclaimed in May 1998 and replaced the *General Welfare Act*. The *Ontario Disability Support Program Act* was proclaimed in June 1998.

Sources: Statistics Canada, Human Resources Development Canada, Ontario Ministry of Finance and Ontario Ministry of Community and Social Services.

Economic Data Tables

Table 27

Ontario, Labour Compensation, 1987-2000

	1987	1988	1989	1990	1991	1992	1993
Average Weekly Earnings (\$) ¹	NA	NA	NA	NA	576.88	599.56	612.76
Increase (%)	NA	NA	NA	NA	NA	3.9	2.2
CPI Inflation (%)	5.0	4.8	5.7	4.9	4.7	1.0	1.8
AWE Increase Less CPI Inflation (%)	NA	NA	NA	NA	NA	2.9	0.4
AWE - Manufacturing (\$)	NA	NA	NA	NA	683.30	716.55	739.20
Increase (%)	NA	NA	NA	NA	NA	4.9	3.2
Increase Less CPI Inflation (%)	NA	NA	NA	NA	NA	3.9	1.4
Wage Settlement Increases (%) ²							
All Sectors	3.9	4.7	5.6	6.5	4.9	2.7	1.0
Public	4.6	4.7	5.8	6.8	5.0	2.6	0.5
Private	2.7	4.6	5.1	6.3	4.6	2.7	1.9
Person Days Lost Due to Strikes and Lockouts (000s)	1,109	1,362	869	2,958	454	578	371
Minimum Wage at Year End (\$/hour)	4.55	4.75	5.00	5.40	6.00	6.35	6.35

Table 27 (continued)

1994 1995 1996 1997 1998 1999 2000

Average Weekly Earnings (\$) ¹	628.50	634.47	649.71	663.51	672.36	681.91	697.92
Increase (%)	2.6	0.9	2.4	2.1	1.3	1.4	2.3
CPI Inflation (%)	0.0	2.5	1.5	1.9	0.9	1.9	2.9
AWE Increase Less CPI Inflation (%)	2.6	-1.6	0.9	0.2	0.4	-0.5	-0.6
AWE - Manufacturing (\$)	761.95	770.80	794.09	821.28	841.39	851.17	869.24
Increase (%)	3.1	1.2	3.0	3.4	2.4	1.2	2.1
Increase Less CPI Inflation (%)	3.1	-1.3	1.5	1.5	1.5	-0.7	-0.8
Wage Settlement Increases (%) ²							
All Sectors	0.4	1.0	1.1	1.2	1.7	2.0	2.6
Public	0.1	0.2	0.3	0.7	1.3	1.4	2.7
Private	1.1	1.7	2.2	2.2	2.2	3.1	2.4
Person Days Lost Due to Strikes and Lockouts (000s)	488	477	1,915	1,904	1,061	651	650
Minimum Wage at Year End (\$/hour)	6.70	6.85	6.85	6.85	6.85	6.85	6.85

Notes:

1. Average Weekly Earnings (AWE) includes overtime. In 2001, Statistics Canada changed its estimates of AWE from the 1980 Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS). AWE based on NAICS is available only back to 1991.
2. Wage settlement increases are for collective agreements covering 200 or more employees.

Sources: Statistics Canada, Ontario Ministry of Labour and Ontario Ministry of Finance.

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Table 28

	Ontario, Employment by Occupation, 1989-2000					
	(Thousands)					
	1989	1990	1991	1992	1993	1994
Management	512	533	555	540	569	548
Business, Finance & Administrative	1,065	1,068	1,011	1,001	961	965
Natural & Applied Sciences	249	256	265	253	247	250
Health	234	233	248	241	255	254
Social Science, Education, Government						
Service & Religion	298	316	321	344	344	375
Art, Culture, Recreation & Sport	137	133	122	129	138	150
Sales & Service	1,182	1,203	1,168	1,185	1,221	1,216
Trades, Transport & Equipment Operators	802	781	719	683	678	692
Primary Industry	161	157	151	147	154	147
Processing, Manufacturing & Utilities	555	512	456	426	408	443
Total	5,193	5,191	5,016	4,949	4,974	5,039

Table 28 (continued)

	(Thousands)					
	1995	1996	1997	1998	1999	2000
Management	596	585	590	595	553	566
Business, Finance & Administrative	979	968	962	993	1,050	1,079
Natural & Applied Sciences	272	270	296	327	388	423
Health	252	245	261	255	272	279
Social Science, Education, Government						
Service & Religion	341	340	342	356	389	401
Art, Culture, Recreation & Sport	140	148	143	155	169	172
Sales & Service	1,243	1,272	1,305	1,348	1,354	1,408
Trades, Transport & Equipment Operators	712	721	756	777	790	806
Primary Industry	143	142	143	139	153	142
Processing, Manufacturing & Utilities	453	490	515	545	571	597
Total	5,131	5,181	5,313	5,490	5,688	5,872

Note: Occupation groupings based on 1991 Standard Occupational Classification.

Source: Statistics Canada.

Economic Data Tables

Table 29

Ontario, Distribution of Employment by Occupation, 1989-2000

	(Per Cent)					
	1989	1990	1991	1992	1993	1994
Management	9.9	10.3	11.1	10.9	11.4	10.9
Business, Finance & Administrative	20.5	20.6	20.2	20.2	19.3	19.1
Natural & Applied Sciences	4.8	4.9	5.3	5.1	5.0	5.0
Health	4.5	4.5	4.9	4.9	5.1	5.0
Social Science, Education, Government						
Service & Religion	5.7	6.1	6.4	7.0	6.9	7.4
Art, Culture, Recreation & Sport	2.6	2.6	2.4	2.6	2.8	3.0
Sales & Service	22.8	23.2	23.3	23.9	24.6	24.1
Trades, Transport & Equipment Operators	15.4	15.1	14.3	13.8	13.6	13.7
Primary Industry	3.1	3.0	3.0	3.0	3.1	2.9
Processing, Manufacturing & Utilities	10.7	9.9	9.1	8.6	8.2	8.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 29 (continued)

	(Per Cent)					
	1995	1996	1997	1998	1999	2000
Management	11.6	11.3	11.1	10.8	9.7	9.6
Business, Finance & Administrative	19.1	18.7	18.1	18.1	18.5	18.4
Natural & Applied Sciences	5.3	5.2	5.6	6.0	6.8	7.2
Health	4.9	4.7	4.9	4.6	4.8	4.7
Social Science, Education, Government						
Service & Religion	6.6	6.6	6.4	6.5	6.8	6.8
Art, Culture, Recreation & Sport	2.7	2.9	2.7	2.8	3.0	2.9
Sales & Service	24.2	24.5	24.6	24.6	23.8	24.0
Trades, Transport & Equipment Operators	13.9	13.9	14.2	14.2	13.9	13.7
Primary Industry	2.8	2.7	2.7	2.5	2.7	2.4
Processing, Manufacturing & Utilities	8.8	9.5	9.7	9.9	10.0	10.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Occupation groupings based on 1991 Standard Occupational Classification.

Source: Statistics Canada.

2001 Ontario Economic Outlook and Fiscal Review

Table 30

Ontario, Employment by Industry, 1991-2000

	(Thousands)				
	1991	1992	1993	1994	1995
Goods Producing Industries	1,420	1,352	1,302	1,312	1,348
Primary Industries	165	162	159	155	152
Agriculture	112	110	114	112	107
Manufacturing	905	857	822	838	878
Construction	285	269	264	271	269
Utilities	64	64	57	49	49
Services Producing Industries	3,596	3,597	3,672	3,727	3,782
Trade	759	765	778	771	767
Transportation & Warehousing	223	212	221	236	242
Finance, Insurance, Real Estate & Leasing	382	367	367	355	365
Professional, Scientific & Technical Services	269	267	270	282	302
Management, Administrative & Other Support	143	144	152	158	174
Educational Services	333	346	356	364	358
Health Care & Social Assistance	482	484	496	503	510
Information, Culture & Recreation	204	202	209	223	233
Accommodation & Food Services	272	277	281	288	293
Public Administration	316	318	318	314	305
Other Services	214	216	225	234	235
Total Employment	5,016	4,949	4,974	5,039	5,131

Economic Data Tables

Table 30 (continued)

	Ontario, Employment by Industry, 1991-2000				
	(Thousands)				
	1996	1997	1998	1999	2000
Goods Producing Industries	1,366	1,412	1,469	1,550	1,602
Primary Industries	151	143	144	152	133
Agriculture	105	103	106	114	98
Manufacturing	904	939	989	1,049	1,099
Construction	261	282	288	300	324
Utilities	50	48	49	50	46
Services Producing Industries	3,815	3,902	4,021	4,138	4,271
Trade	783	802	813	850	874
Transportation & Warehousing	244	248	261	260	278
Finance, Insurance, Real Estate & Leasing	372	377	376	384	385
Professional, Scientific & Technical Services	313	350	372	397	424
Management, Administrative & Other Support	181	194	210	224	246
Educational Services	340	340	347	368	369
Health Care & Social Assistance	503	495	518	518	544
Information, Culture & Recreation	232	248	243	257	282
Accommodation & Food Services	315	316	335	340	343
Public Administration	290	279	284	286	274
Other Services	242	251	262	254	252
Total Employment	5,181	5,313	5,490	5,688	5,872

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

Table 31**Ontario, Growth in Employment by Industry, 1991-2000**

	(Per Cent Change)				
	1991	1992	1993	1994	1995
Goods Producing Industries	-8.8	-4.8	-3.7	0.8	2.7
Primary Industries	-3.4	-2.3	-1.5	-2.5	-1.8
Agriculture	-0.3	-1.7	3.3	-2.2	-4.3
Manufacturing	-9.0	-5.3	-4.2	2.0	4.8
Construction	-12.8	-5.6	-1.9	2.5	-0.7
Utilities	0.9	0.3	-11.5	-13.9	0.6
Services Producing Industries	-1.1	0.0	2.1	1.5	1.5
Trade	-2.4	0.9	1.6	-0.9	-0.6
Transportation & Warehousing	-4.8	-5.0	4.5	6.6	2.8
Finance, Insurance, Real Estate & Leasing	-2.6	-3.8	0.0	-3.4	2.8
Professional, Scientific & Technical Services	2.5	-0.6	1.1	4.4	7.0
Management, Administrative & Other Support	6.1	0.8	5.7	3.8	9.9
Educational Services	2.6	3.7	3.0	2.2	-1.7
Health Care & Social Assistance	1.1	0.4	2.5	1.5	1.4
Information, Culture & Recreation	-4.7	-1.3	3.4	6.7	4.6
Accommodation & Food Services	-5.4	2.1	1.3	2.5	1.8
Public Administration	0.9	0.7	0.2	-1.4	-2.8
Other Services	-2.2	0.6	4.1	4.2	0.4
Total Employment	-3.4	-1.3	0.5	1.3	1.8

Economic Data Tables

Table 31 (continued)

Ontario, Growth in Employment by Industry, 1991-2000

	(Per Cent Change)				
	1996	1997	1998	1999	2000
Goods Producing Industries	1.3	3.4	4.1	5.5	3.3
Primary Industries	-0.9	-5.5	1.1	5.6	-12.7
Agriculture	-1.5	-2.5	3.1	7.9	-14.4
Manufacturing	2.9	3.9	5.4	6.0	4.8
Construction	-2.6	8.0	1.8	4.4	7.8
Utilities	1.6	-3.2	1.0	1.2	-6.3
Services Producing Industries	0.9	2.3	3.0	2.9	3.2
Trade	2.2	2.4	1.4	4.5	2.8
Transportation & Warehousing	0.6	1.8	5.3	-0.5	7.0
Finance, Insurance, Real Estate & Leasing	2.2	1.3	-0.5	2.3	0.3
Professional, Scientific & Technical Services	3.8	11.7	6.3	6.5	6.8
Management, Administrative & Other Support	4.0	7.4	8.0	7.0	9.5
Educational Services	-5.0	0.0	2.1	6.2	0.2
Health Care & Social Assistance	-1.4	-1.5	4.6	0.0	5.0
Information, Culture & Recreation	-0.5	7.0	-2.1	5.7	9.9
Accommodation & Food Services	7.4	0.6	5.8	1.6	0.7
Public Administration	-4.9	-3.7	1.6	0.6	-4.0
Other Services	3.1	3.5	4.6	-3.3	-0.8
Total Employment	1.0	2.6	3.3	3.6	3.2

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

2001 Ontario Economic Outlook and Fiscal Review

Table 32

Ontario, Employment by Economic Regions, 1989-2000

(Thousands)

	1989	1990	1991	1992	1993	1994
Ontario	5,193	5,191	5,016	4,949	4,974	5,039
Region:*						
East	686	693	689	682	683	701
Ottawa (510)	508	518	513	508	503	521
Kingston-Pembroke (515)	178	175	176	174	180	180
Greater Toronto Area (530)¹	2,255	2,244	2,130	2,104	2,118	2,115
Central	1,185	1,200	1,163	1,149	1,139	1,173
Muskoka-Kawarthas (520)	138	138	136	140	136	137
Kitchener-Waterloo-Barrie (540)	453	450	449	450	458	470
Hamilton-Niagara Peninsula (550)	595	612	578	559	546	567
Southwest	703	685	682	676	689	705
London (560)	278	280	281	275	285	288
Windsor-Sarnia (570)	282	268	263	266	267	274
Stratford-Bruce Peninsula (580)	143	138	138	135	137	143
North	364	368	352	337	344	345
Northeast (590)	254	256	244	233	238	237
Northwest (595)	111	112	108	104	106	108

Table 32 (continued)

(Thousands)

	1995	1996	1997	1998	1999	2000
Ontario	5,131	5,181	5,313	5,490	5,688	5,872
Region:*						
East	674	674	685	726	750	757
Ottawa (510)	501	508	516	543	555	573
Kingston-Pembroke (515)	172	166	170	183	195	184
Greater Toronto Area (530)¹	2,215	2,242	2,348	2,426	2,511	2,616
Central	1,194	1,209	1,230	1,276	1,322	1,371
Muskoka-Kawarthas (520)	148	148	150	152	161	165
Kitchener-Waterloo-Barrie (540)	469	478	496	515	543	552
Hamilton-Niagara Peninsula (550)	577	583	584	609	618	654
Southwest	686	699	704	714	744	763
London (560)	285	278	283	286	299	307
Windsor-Sarnia (570)	271	279	277	286	296	304
Stratford-Bruce Peninsula (580)	130	142	145	142	149	152
North	362	357	345	348	361	366
Northeast (590)	248	247	241	244	249	253
Northwest (595)	114	110	105	105	112	113

* Standard deviations vary significantly across regions, decreasing as the size of the region increases.

Notes:

1. Economic region of Toronto (530) closely matches the GTA, except that it excludes the city of Burlington.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 33

Ontario, Employment by Industry for Economic Regions, 2000

(Thousands)

	All Industries	Agriculture	Resources ¹	Manu- facturing
Ontario	5,872	98	35	1,099
Region:				
East	757	10	3	90
Ottawa (510)	573	7	1	65
Kingston-Pembroke (515)	184	3	2	25
Greater Toronto Area (530)	2,616	9	3	484
Central	1,371	33	4	311
Muskoka-Kawarthas (520)	165	3	2	29
Kitchener-Waterloo-Barrie (540)	552	13	1	146
Hamilton-Niagara Peninsula (550)	654	17	1	136
Southwest	763	42	3	175
London (560)	307	14	1	61
Windsor-Sarnia (570)	304	10	2	85
Stratford-Bruce Peninsula (580)	152	18	-	30
North	366	3	22	39
Northeast (590)	253	3	15	24
Northwest (595)	113	1	7	14

Table 33 (continued)

(Thousands)

	Construction	Distributive ²	Finance, Prof. & Mgmt. ³	Info., Culture & Recreation ⁴
Ontario	324	534	1,054	282
Region:				
East	41	55	124	37
Ottawa (510)	28	41	101	31
Kingston-Pembroke (515)	13	13	23	7
Greater Toronto Area (530)	137	259	614	149
Central	86	118	188	54
Muskoka-Kawarthas (520)	14	14	18	7
Kitchener-Waterloo-Barrie (540)	36	48	76	19
Hamilton-Niagara Peninsula (550)	35	56	95	28
Southwest	41	67	92	28
London (560)	16	26	44	8
Windsor-Sarnia (570)	15	25	34	16
Stratford-Bruce Peninsula (580)	10	17	14	3
North	20	34	36	14
Northeast (590)	14	23	26	11
Northwest (595)	5	11	11	4

2001 Ontario Economic Outlook and Fiscal Review

Table 33 (continued)

Ontario, Employment by Industry for Economic Regions, 2000

(Thousands)

	Retail Trade	Personal Services ⁵	Education
Ontario	665	594	369
Region:			
East	83	83	52
Ottawa (510)	58	63	36
Kingston-Pembroke (515)	25	20	17
Greater Toronto Area (530)	287	236	149
Central	158	153	89
Muskoka-Kawarthas (520)	23	19	10
Kitchener-Waterloo-Barrie (540)	57	55	37
Hamilton-Niagara Peninsula (550)	79	80	42
Southwest	86	77	48
London (560)	33	31	25
Windsor-Sarnia (570)	36	31	17
Stratford-Bruce Peninsula (580)	18	16	7
North	51	45	30
Northeast (590)	36	32	20
Northwest (595)	15	13	10

Table 33 (continued)

(Thousands)

	Health & Soc. Assistance	Public Administration
Ontario	544	274
Region:		
East	80	98
Ottawa (510)	58	84
Kingston-Pembroke (515)	22	14
Greater Toronto Area (530)	201	88
Central	128	47
Muskoka-Kawarthas (520)	20	6
Kitchener-Waterloo-Barrie (540)	46	19
Hamilton-Niagara Peninsula (550)	63	23
Southwest	84	21
London (560)	40	9
Windsor-Sarnia (570)	27	8
Stratford-Bruce Peninsula (580)	16	4
North	51	20
Northeast (590)	35	14
Northwest (595)	16	7

- Employment numbers under 1,500 are suppressed because they are statistically unreliable.

See standard deviation and GTA note for Table 32.

Industrial groupings based on North American Industry Classification System (NAICS).

Notes:

1. Includes Forestry, Fishing, Mining, Oil and Gas.
2. Includes Transportation & Warehousing, Utilities and Wholesale Trade.
3. Includes Finance, Insurance, Real Estate & Leasing; Management of Companies, Administrative & Support Services; and Professional, Scientific & Technical Services.
4. Information, Culture & Recreation includes industries such as Publishing, Motion Picture & Sound Recording, Broadcasting & Telecommunications, Information Services & Data Processing Services, Performing Arts, Spectator Sports and Related Industries, Heritage Institutions and Amusement, Gambling & Recreation.
5. Includes Accommodation & Food Services and Other Services (such as Repair and Maintenance, Personal and Laundry, Religious, Grant-making, Civic, Professional and Similar Organizations).

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Ontario Economic Regions¹

East

Ottawa (510)

The united counties of Stormont, Dundas and Glengarry, Prescott and Russell, Leeds and Grenville, the county of Lanark and the Ottawa-Carleton Regional Municipality

Kingston-Pembroke (515)

The counties of Lennox and Addington, Hastings, Renfrew, Prince Edward and Frontenac

Central

Muskoka-Kawarthas (520)

The counties of Northumberland, Peterborough, Victoria, Haliburton, and the Muskoka District Municipality

Kitchener-Waterloo-Barrie (540)

The counties of Dufferin, Wellington, and Simcoe and the Waterloo Regional Municipality

Hamilton-Niagara Peninsula (550)

The county of Brant, the Regional Municipalities of Hamilton-Wentworth, Niagara, Haldimand-Norfolk and the city of Burlington in the Halton Regional Municipality

Greater Toronto Area²

Toronto (530)

Toronto Metropolitan Municipality, the Regional Municipalities of Durham, York, Peel and Halton (excluding the city of Burlington)

Southwest

London (560)

The counties of Oxford, Elgin and Middlesex

Windsor-Sarnia (570)

The counties of Lambton, Essex and Kent

Stratford-Bruce Peninsula (580)

The counties of Perth, Huron, Bruce and Grey

North

Northeast (590)

The districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane, Algoma, and the Sudbury Regional Municipality

Northwest (595)

The districts of Thunder Bay, Rainy River and Kenora

Notes:

1. As defined by Statistics Canada, *Guide to the Labour Force Survey*, February 2001.

2. Economic Region 530 closely matches the GTA, except that it excludes the city of Burlington.

General enquiries regarding the
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Ontario Economic Outlook and Fiscal Review

Statement to the Legislature

The Honourable James M. Flaherty
Minister of Finance

2001 Ontario Economic Outlook and Fiscal Review

Statement to the Legislature

**Presented to the
Members of the Legislative Assembly of Ontario by
The Honourable James M. Flaherty
Minister of Finance
November 6, 2001**

Check against delivery



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ISSN 1499-5557

Ce document est disponible en français sous le titre :
Perspectives économiques et revue financière de l'Ontario de 2001 : Allocution

2001 Ontario Economic Outlook and Fiscal Review

Statement to the Legislature



Preserving Our Core Values

Mr. Speaker, the appalling events of September 11 have reminded us that our most cherished values and our very way of life cannot be taken for granted. In the aftermath of these horrifying tragedies, we have gained a deeper sense of the values that define our society—values such as:

- respect for the individual;
- economic opportunity;
- justice;
- compassion; and
- the free flow of people, goods and ideas.

Today, as I discuss the outlook for our economy and the state of our finances, my focus is on preserving and defending our core values.

I believe we can remain true to our values by following the key principles that have guided our economic and fiscal policies since 1995. These principles include:

- A commitment to economic growth to create jobs.
- Confidence that the people of Ontario are in the best position to decide how to spend and invest their own money.
- Fiscal responsibility—which means spending tax dollars wisely and giving taxpayers the best value at the lowest cost.
- Responsible choices—since government, in facing competing demands, has an obligation to set priorities and make responsible decisions.
- Accountability—because the citizens of the province are entitled to know how their money is being spent.

Guiding Principles

- Protecting the most vulnerable—since, as a caring society, we have a duty to reach out to those who need our help. It is by fostering growth, spending wisely and making responsible choices that we are able to help those who are most vulnerable.
- Finally, looking to the future—so that while dealing with immediate concerns, we also plan for tomorrow.

These guiding principles have stood us in good stead. We will stay the course.

Staying the Course

Staying the course requires strong leadership and tough decisions.

Since 1995 Premier Mike Harris has provided the decisive leadership we need. Under his leadership, Ontario has prospered as never before.

- 824,200 net new jobs have been created.
- Take-home pay is up 20 per cent.
- 602,000 people have broken the cycle of welfare dependency.
- We are expecting a third consecutive balanced budget for the first time in nearly 100 years.
- With the end of deficits, the Province's credit rating has been upgraded.

Staying the course requires strong leadership and tough decisions.

Prudent fiscal management, low taxes and more jobs are only half of our success story. The other half is that, as a result, we are able to provide the services people rely on and help the most vulnerable.

For example, we have delivered on our commitment to increase services for people with developmental disabilities. Over \$50 million has been provided this year to expand community services and to allow agencies to hire front-line staff. As well, we are investing \$67 million over five years to build new places for people with developmental disabilities to live in the community.

Like many members of the House, I have met with aging parents who worry about the future of their adult children with developmental disabilities. These investments, I hope, will help to ease these concerns.

We are able to provide the services people rely on and help the most vulnerable.

But our economic climate in Ontario is changing. Now, private-sector forecasters, on average, expect Ontario's economy to grow only 1.1 per cent this year and 1.3 per cent next year. This is a substantial change from the 2.3 per cent they predicted for this year and the 3.6 per cent predicted for next year at the time of our spring Budget. Although private-sector forecasters expect Ontario's growth to pick up in mid-2002 and accelerate to 4.3 per cent in 2003, we know that serious economic and financial challenges lie ahead.

At this point we have two options: we can let ourselves slip back into the days of deficits, high taxes and high unemployment, or we can build on the Premier's legacy of strong leadership and renew our commitment to fiscal responsibility. We believe that the answer is obvious.

This government will not surrender the hard-won gains that have restored Ontario to prosperity. Today, I want to assure the people of Ontario that, because of the Premier's leadership and their hard work, Ontario is better prepared than ever to weather a period of economic uncertainty.

Fiscal Update

We remain on track for a balanced budget for 2001-02. As a cushion against the unexpected, we included a reserve of \$1 billion in the spring Budget. We will use \$300 million to balance the budget this year, leaving us with a \$700 million reserve.

Next spring, we plan to table Ontario's fourth consecutive balanced budget.

However, a slowing economy means slower growth in government revenues. And our commitment to fiscal responsibility means that our spending can increase only as fast as our revenues increase. We are not a government that plans for deficits.

We remain on track for a balanced budget for 2001-02.

Currently, our revenue projections are down. Yet pressures for more spending on priorities like health care, education and infrastructure are up.

Health care is the biggest item in the Ontario budget.

Since the spring, we have increased funding to hospitals by \$300 million. This year we are spending more than \$23.7 billion on health care—an increase of 6.9 per cent from one year ago.

We have increased our investment in health care by more than \$6 billion since we came to office. But the federal government continues to provide less to health care than it did in 1994-95. To maintain its 1994-95 share, the federal government should be providing \$2 billion more for Ontario health care in 2002-03—rising to \$3 billion by 2005-06.

To date, we have been able to pick up the slack for Ottawa. But, in a slowing economy, we can no longer afford to do so.

To be blunt, I hold out little hope that the federal Minister of Finance will make the necessary financial commitment to Ontario health care. We will soon begin consultations leading up to the 2002 Ontario Budget on how we can make up the federal shortfall.

This government will make the tough choices needed to secure Ontario's future. There is no question that this is the right government to lead Ontario in uncertain times.

Some people would argue that in times like these we should not move forward with our tax cuts. Others would even advocate raising taxes. But we believe that sticking to our tax-cutting plan is more important than ever. Low taxes attract business. More business means more jobs and higher government revenues. Since we started cutting taxes, our annual tax revenues have increased nearly \$15 billion.

With this government at the helm, Ontario has weathered heavy storms before. The public can be confident we will do it again.

September 11 made it clearer than ever that safe communities are fundamental to a strong economy. That's why, in the aftermath of the tragic events, the government acted quickly to make Ontario safer:

- The Premier appointed two distinguished security advisers to the provincial government, retired RCMP Commissioner Norman Inkster and retired Major-General Lewis MacKenzie.
- We are moving ahead with a comprehensive review of Ontario's emergency readiness.

Strengthening Ontario's Economic Security

- We have also provided funding for an Ontario Provincial Police rapid-response unit to combat terrorist threats, as well as an anti-terrorism unit to investigate and track down terrorists and their supporters.

Today, I am announcing three more anti-terrorism and emergency management measures, bringing our recent investments in Ontario's security to more than \$30 million. This new funding will:

- enable Emergency Measures Ontario to offer municipalities more help with community emergency planning;
- build an anti-terrorism training facility for local police; and
- build an emergency management training centre for firefighters and ambulance personnel.

The free movement of goods and services across a secure border must be preserved.

Border security issues are also critical for the economy. One-quarter of Ontario's output is exported to the United States. Half of our manufacturing shipments go to the United States. And many Ontario factories depend on just-in-time delivery of imported parts. The free movement of goods and services across a secure border must be preserved.

The Premiers of Ontario, Quebec and British Columbia have all called for a common North America-wide security perimeter. Business leaders tell me that Ontario must be inside, not outside, the perimeter if we expect to remain an attractive place to invest or do business.

I challenge the federal government to commit to a North America-wide security perimeter. We need to work with our American neighbours to remove barriers between us and build a secure boundary around us.

Borders are a federal responsibility, but all provinces have an enormous economic stake in these issues. We need a joint approach to finding a solution.

Following the September 11 tragedies, we expressed our confidence in the people and businesses of this province by proposing to accelerate planned tax cuts. Today, I am tabling legislation to advance to October 1 the reductions in personal income, corporate income and capital taxes originally scheduled for January 1. I am pleased to announce that this bill would also accelerate the application of the lower small business tax rate to more businesses. These tax changes would inject an additional \$176 million into the economy for this year.

Mr. Speaker, we know that September 11 has also had a severe impact on tourism. The industry has told us about lost business, lost hours and lost jobs in the restaurant and accommodation sectors. Last month, in response, the Ministry of Tourism, Culture and Recreation launched a \$4-million tourism marketing strategy. Today, I am announcing a further investment of \$10 million to support a more aggressive multi-pronged campaign. This campaign has two parts:

- the first, “Come Stay with Friends,” is aimed at our neighbouring states; and
- the second, “Pride in Ontario,” is designed to encourage Ontario residents to help make up for the drop in

international visits by travelling in our own attractive and exciting province.

So I would ask families that might be thinking of a winter break to consider events right here in Ontario. We have the Festival of Lights at Cullen Gardens in Whitby, Handel's *Messiah* in Stratford and the Old Fashioned Christmas Walk in North Bay, to mention only a few.

The people of this province can play a role in boosting the economy. If we pull together, our individual actions can make a big difference. Some things people across the province could do are:

- start your holiday shopping right now;
- give an extra present this year to someone less fortunate, through one of the many charity drives in Ontario communities;
- go ahead with that home improvement project you've been putting off; or
- treat the family to a dinner out.

In short, the economy will benefit if everyone gets back to normal.

We know that a slowing economy is especially hard on lower-income parents. We value their hard work and their dedication to raising their families.

The tax cuts in the spring Budget will remove 75,000 lower-income earners from the tax rolls, so they can keep more of their hard-earned money. Today, we are thinking

about families again. We understand that an economic slowdown is tough for them. For this reason, I am announcing a one-time payment of \$100 to low- and middle-income working families for each child under age seven.

It is our goal to get these payments in the hands of families in time for December holiday shopping. This would give these parents some extra help to do what they do best—care for their children. About 367,000 children would benefit from this initiative. The average payment would be about \$165 per family.

One of our economic advantages is the unparalleled commitment this government has made to invest in Ontario's highways, hospitals, colleges and universities. These investments will support an increasing population and a growing economy.

By the end of this fiscal year, the government will have invested nearly \$9 billion through the Ontario SuperBuild Corporation, and committed further funding to municipal infrastructure. Through public- and private-sector partnerships, the total invested will reach over \$13 billion.

Moreover, we have committed \$3 billion to a \$9-billion transit investment plan. The aim is to renew and expand transit services in the Golden Horseshoe and in communities across the province. Ontario's municipalities have responded favourably. We are still waiting for the federal government to match our commitment.

Building for the Future

SuperBuild's projects are coming on stream at the right time. They will help keep our economy steady in this period of uncertainty.

Cranes and work crews can be seen in communities across Ontario. Among the hundreds of SuperBuild projects underway are:

- \$560 million in improvements to the provincial highway network in the Greater Toronto Area since 1999.
- A major project to modernize St. Joseph's Health Centre in Toronto.
- Construction of the Bahen Centre for Information Technology at the University of Toronto.
- Building of new student spaces at the Oshawa campus of Durham College, a new Chemistry Building at Queen's University and the Advanced Technology and Academic Centre at Lakehead University.

Today, it is my pleasure to announce a further series of SuperBuild investments:

These investments will help position Ontario for long-term economic success.

- \$13.4 million towards a Research and Technology Park, located on the campus of the University of Waterloo, to provide high-tech firms and research companies with space to grow.
- \$6.6 million towards an upgrade of the David Street Water Treatment Plant, ensuring that 40,000 residents of Sudbury can count on clean, safe drinking water.

- \$32 million in priority projects to enable the City of London to take advantage of its strategic location in the Highway 401 trade corridor—such as the widening of Airport Road and the servicing of Skyway Industrial Park.
- \$70 million towards a package of transportation and tourism investments in the City of Ottawa that will improve access to business parks, promote local tourism, and support the city's Smart Growth plans.

Details on these initiatives—as well as hundreds of other sport, culture, tourism, transportation and clean water projects—will be announced by year end. All these investments will help position Ontario for long-term economic success. They will also get capital dollars working for communities here and now.

Government is the servant of the people, and the people have a right to know how their money is being spent. Today, I am pleased to announce that we are moving ahead with our Budget commitment to perform a value-for-money review of provincial government services and activities. The purpose is to ensure that government dollars are focused on the core services that people count on—not on areas where government does not belong. The value-for-money review will complement improved accountability measures in recent years including:

- annual ministry Business Plans;
- the *Taxpayer Protection Act*; and
- the *Balanced Budget Act*.

Accountability to the Taxpayers

An Eye on the Future

*A prosperous economy
that offers hard-working
families the promise
of a brighter future.*

The performance of our economy and the quality of our lives are connected. It is a prosperous economy that creates the wealth to support essential public services such as health care and education and to assist those who need our help. And it is a prosperous economy that offers hard-working families the promise of a brighter future.

We have the fundamentals in place for long-term growth and we will not stray from this path. The people of Ontario can have confidence in the long-term future of the economy.

When I entered politics, I was thinking not about my own prospects but about the kind of world my three sons would live in. I think that is how most parents look at things. We make decisions not just for today, but for tomorrow.

Government must do the same. And this government is.

Une économie prospère permet d'offrir aux familles travailleuses la promesse d'un avenir meilleur

Le regard tourne vers l'avenir

Notre qualité de vie est étrictement liée au rendement de notre économie. Seule une économie prospère permet de créer la richesse requise pour fournir les services publics essentiels, tels que les soins de santé et l'éducation, et pour venir en aide aux personnes dans le besoin. Seule une économie prospère permet d'offrir aux familles travailleuses la promesse d'un avenir meilleur.

Nous avons jeté les assises d'une croissance à long terme et rien ne nous fera changer de cap. La population de l'Ontario peut envisager avec confiance l'avenir économique à long terme de la province.

Quand je me suis lancé en politique, ce n'est pas à mon propre choix sous cet angle. Nous prenons des décisions non seulement pour aujourd'hui, mais aussi pour demain.

C'est ainsi que devient agir les gouvernements. Et c'est ainsi que notre gouvernement agit.

• La Loi de 1999 sur l'équitable budgetaire.

- La Loi de 1999 sur la protection des contribuables;
- Les plans d'activités publiques chaque année par les ministères;

La responsabilisation, notamment :

S'ajouter aux mesures prises ces dernières années pour améliorer

Rendre des comptes aux contribuables

Le gouvernement est au service de la population et les Ontariennes et Ontariens ont le droit de savoir à quoi est employé leur argent. Je suis heureux d'annoncer aujourd'hui que nous donnons suite à l'engagement que nous avons pris dans le budget et que nous efforçons un examen des activités et des services du gouvernement provincial afin de vérifier si les ressources sont utilisées de manière optimale. Cet examen a pour but de nous assurer que les recettes du gouvernement servent aux services fondamentaux sur lesquels la population compte, et non à des secteurs où le gouvernement ne devrait pas intervenir. L'examen de l'optimisation des ressources vient

Nous annoncerons dès ici la fin de l'année des détails sur ces initiatives, ainsi que sur des centaines d'autres projets dans les domaines du sport, de la culture, du tourisme, des transports et de l'assainissement de Beau Portail. Tous ces investissements contribueront à mettre l'Ontario sur la voie de la réussite économique à long terme. De plus, ils permettent aux collectivités visées de bénéficier des maintenances aux fins des immobilisations.

- 6,6 millions de dollars pour moderniser l'usine de traitement de l'eau de la rue David, afin que les 40 000 résidents de Sudbury aient accès à une eau potable pure et sans danger;
 - 32 millions de dollars pour des projets prioritaires afin de permettre à London de tirer parti de son emplacement comme l'élargissement de l'Airport Road et la viabilisation stratégique dans le couloir commercial de l'autoroute 401;
 - du parc industriel Skyway;
 - 70 millions de dollars dans le cadre d'un projet d'investissement touchant les transports et le tourisme dans la ville d'Ottawa, ledit à pour but d'améliorer l'accès aux parcs commerciaux, de promouvoir le tourisme local et d'appuyer les plans municipaux de croissance intelligente.

- De plus, nous sommes engagés à verser 3 milliards de dollars dans le cadre d'un plan d'investissement de 9 milliards de dollars dans le secteur des transports en commun. Ce projet a pour but de renouveler et d'élargir les services de transport en commun dans la région du Golden Horseshoe et dans diverses localités de la province. Les municipalités de l'Ontario ont toujours aidé à maintenir notre stabilité économique en cette période incertaine.
- Les projets SuperCroissance ne saurait mieux tomber. Ils nous permettent de travailler avec nos partenaires et de créer des opportunités de travail dans la région du grand Toronto.
- Partout en Ontario, les bétongeuses sillonnent les chantiers depuis 1999; et au-delà. Nous attendons avec impatience de voir comment ces projets SuperCroissance contribueront à améliorer le réseau de routes provinciales dans la région du grand Toronto et à renforcer l'infrastructure de la province. Voici quelques exemples.
- La construction du centre Bahen de technologie de St. Joseph's à Toronto;
 - un grand projet de modernisation du centre de santé de la communauté à Waterloo;
 - la construction de nouveaux locaux pour les étudiants et étudiantes au campus d'Oshawa du Collège Durham, d'un immeuble pour la faculté de chimie à l'Université Queen's et d'un centre de technologie de pointe et de formation immuable pour l'université Lakehead.
 - 13,4 millions de dollars en vue d'aménager un parc de recherche et de technologie au campus de l'Université Waterloo, afin de fournir aux entreprises de technologie de recherche et aux entreprises de recherche leur expansion;

Bâtir pour l'avenir

Bref, l'économie ne peut que bénéficier d'un retour à la normale. Nous savons qu'un ralentissement économique est particulièrement pénible pour les parents à faible revenu. Nous apprécions à leur juste valeur leur travail acharné et leur dévouement envers leur famille.

Nous entendons verser ces sommes aux familles à temps pour leur revenu de leur fardeau fiscal, afin qu'ils puissent conserver une plus grande part de l'argent qu'ils auront durément gagné. Aujourd'hui, nous pensons une fois de plus aux familles. Nous comprenons à quel point elles peuvent souffrir du ralentissement économique. C'est la raison pour laquelle j'annonçais aujourd'hui une versetment unique de 100 \$ par enfant de moins de 7 ans, moyen serrait d'environ 165 \$ par famille.

Nous entendons verser ces sommes aux familles à temps pour leur magasinage des Fêtes, en décembre. Cette mesure donnerait un petit coup de pouce à ces parents pour les aider à faire ce qu'ils font de mieux, s'occuper de leurs enfants. Environ 367 000 enfants bénéficieraient de cette initiative. Le versement moyen serrait d'environ 165 \$ par famille.

Ces investissements appuieront la croissance démographique routes, les hôpitaux, les collèges et les universités de l'Ontario. Un de nos avantages économiques est l'engagement incomparable qu'à pris notre gouvernement d'investir dans les sociétés ontarienne SuperCroissance et engage des sommes supplémentaires pour financer l'infrastructure municipale. Grâce aux partenariats entre les secteurs public et privé, la totalité des investissements atteindra plus de 13 milliards de dollars.

Le budget du printemps libérera 75 000 travailleurs à faible revenu de leur fardeau fiscal, afin qu'ils puissent conserver une plus grande partie de l'argent qu'ils auront durément gagné. Aujourd'hui, nous pensons une fois de plus aux familles. Nous comprenons à quel point elles peuvent souffrir du ralentissement économique. C'est la raison pour laquelle j'annonçais aujourd'hui une versetment unique de 100 \$ par enfant de moins de 7 ans, moyen serrait d'environ 165 \$ par famille.

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- aller mangier au restaurant avec leur famille.
- faire effectuer immédiatement les travaux de rénovation dans toute la province;
- acheter un présent de plus cette année, pour le donner à une personne moins fortunée par l'entremise des nombreuses campagnes mises sur pied par les organismes de bienfaisance pour stimuler l'économie ;
- commencer des maintenances à faire leurs achats des Fêtes ;

La population de la province peut jouer un rôle dans la relance de l'économie. Si nous nous serrons les coudes, les gestes individuels peuvent vraiment améliorer la situation. Voici certaines choses que les Ontariennes et Ontariens peuvent faire pour stimuler l'économie :

Je voudrais donc demander aux familles qui songent à prendre de petites vacances cet hiver à envisager des activités qui se passent ici même, en Ontario. Il y a que l'embarras du choix, jusqu'à une représentation du Messiah de Handel, à Stratford, depuis le festival des lumières de Collen Gardens, à Whitchurch-Spartanburg, une promenade du Noël d'antan, à North Bay, pour ne mentionner que quelques-unes des activités possibles.

Ontariennes et Ontariens à découvrir les attractions de notre belle et intéressante province, afin de compenser la diminution du nombre de touristes étrangers.

- Le deuxième, « Fierté Ontario », vise à encourager les

des Etats frontaliers,

- Le premier, « Venez voir vos amis », s'adresse à nos voisins

initiative comporte deux volets : appuyer une campagne plus intensive et diversifiée. Cette investissement supplémentaire de 10 millions de dollars pour une somme de 4 millions de dollars. J'annonce aujourd'hui une stratégie de marketing touristique à laquelle on a affecté des pertes d'emplois dans le secteur de la restauration et de tourisme, de la culture et des Loisirs à lance le moins dernier hôtelier. Pour faire face à ce problème, le ministre du

"Il est essentiel que soient préservées la libre circulation des biens et des services et la sécurité des frontières.

Monsieur le Président, nous savons que les événements du 11 septembre ont eu des effets dévastateurs sur le secteur du tourisme. Des représentants de cette industrie nous ont parlé des occasions d'affaires ratées, des heures de travail redoutées et

A la suite des tragédies du 11 septembre, nous avons rencontré notre confiance dans la population et les entreprises de la province en proposant de dévancer l'entree en vigueur des réductions d'impôt prévues. Je déplore donc aujourd'hui un projet de loi visant à ce que les réductions de l'impôt sur le revenu des particuliers, sur les sociétés et sur le capital, prévues pour le 1^{er} janvier, entrent en vigueur le 1^{er} octobre. Je suis ravi d'annoncer que ce projet de loi prévoit en outre d'accélérer l'application du taux moins élevé de l'impôt sur les petites entreprises aux régles fiscales. L'économie devrait bénéficier de l'injection de 176 millions de dollars de plus cette année.

Les questions frontalières relèvent du gouvernement fédéral, mais elles comportent d'énormes enjeux économiques pour toutes les provinces. Il faut adopter une approche concrète pour chercher des solutions.

de mets le gouvernement fédéral au défi de s'engager à l'égard d'un périmètre de sécurité nord-américain. Nous dévons collaborer avec nos voisins américains afin d'éliminer les barrières qui nous séparent et d'établir une frontière sûre autour de nos territoires.

Les premiers ministres de l'Ontario, du Québec et de la Colombie-Britannique reconnaissent l'instauration d'un périmètre commun de sécurité à l'échelle nord-américaine. Des chefs d'entreprises me disent que l'Ontario doit être à l'intérieur, et non à l'extérieur, de ce périmètre si nous voulons que la province demeure un endroit de choix pour les investissements ou les affaires.

temps des pièces importées. Il est donc essentiel que Soient préservées la libre circulation des biens et des services et la sécurité des frontières.

Renforcement de la sécurité économique de l'Ontario

Les questions de sécurité frontalière sont également critiquées pour l'économie. Le quart de la production ontarienne est exportée vers les États-Unis. La moitié des exportations manufacturières est destinée aux États-Unis. De nombreuses entreprises manufacturières ontariennes dépendent de la livraison juste à

- construire un centre de formation à la gestion des services d'urgence à l'intention des pompiers et des ambulanciers.

Le terrorisme à l'intention des services municipaux de police, une installation de formation à la lutte contre le

- construire une installation de formation à la lutte contre le terrorisme à préparer leurs plans locaux d'intervention municipales à l'intention des services municipaux de police;

permettre à Mesures d'urgence Ontario d'aider davantage les communautés aujourd'hui trois autres mesures de lutte contre le terrorisme et de gestion des services d'urgence, ce qui porte les récents investissements de l'Ontario au chapitre de la sécurité à plus de 30 millions de dollars. Ces nouveaux fonds ont pour objectif de :

- nous avons également financé la mise sur pied d'une unité anti-terrorisme chargée de faire enquête sur les terroristes et leurs sympathisants, et de les déjouer.

Plans d'intervention en cas d'urgence.

- Nous procéduons actuellement à un examen détaillé de nos

général Lewis Mackenzie, tous deux à la retraite. La sécurité auprès du gouvernement provincial : un ancien commissaire de la GRC, M. Norman Linkster, et le major-jamais-l'importance cruciale de la sécurité des collectivités pour une économie vigoureuse. C'est pourquoi, aux lendemains de ces événements du 11 septembre ont mis en lumière plus que jamais l'importance cruciale de la sécurité des collectivités pour la sécurité de l'Ontario.

Le faire.

Nous avons pu jusqu'à maintenant absorber ce manque à gagner de relativement au gouvernement d'Ottawa. Mais dans un contexte attribuable à l'engagement économique, nous n'avons plus les moyens de

Pour être franc, j'ai peu despoir que le ministre des Finances ait réussi à fournir les fonds nécessaires pour le système fédéral sans sacrifier à la fois le budget de l'Ontario de 2002.

Le niveau de diminuer par rapport à celui de 1994-1995. Pour continuer à diminuer par rapport à celle en 1994-1995, le gouvernement fédéral devrait fourrir, aux fins du système de santé de l'Ontario, 2 milliards de dollars de plus en 2002-2003, montant qui atteindrait 3 milliards de dollars en 2005-2006.

Certains prétendent que, dans une telle situation, nous ne devrions pas aller de l'avant avec nos réductions d'impôts. D'autres preconisent même d'augmenter les impôts. Nous croyons toutefois que notre plan de réduction des impôts est plus pertinent que jamais. De fait, nous sommes convaincus que l'Ontario a bon port dans ces temps d'incertitude.

Notre gouvernement fera les choix difficiles qui s'imposent pour assurer un avenir meilleur pour l'Ontario. Il ne fait aucun doute que nous sommes le gouvernement le mieux placé pour mener l'Ontario à bon port dans ces temps d'incertitude.

Les entrepreneurs. Une hausse des activités commerciales signifie un plus grand nombre d'emplois et des recettes accrues pour le gouvernement. Depuis que nous avons commencé à reduire les impôts, nos recettes fiscales ont augmenté de presque 15 milliards de dollars par année.

Avec notre gouvernement à la barre, l'Ontario a su affronter des compétences par le passé. La population peut compter sur nous pour continuer dans la même voie.

Nous avons augmenté notre investissement dans la santé de plus de 6 milliards de dollars depuis que nous sommes au pouvoir.

Depuis le printemps, nous avons augmenté le financement des hôpitaux de 300 millions de dollars. Cette année, nous dépensons plus de 23,7 milliards de dollars dans le domaine de la santé, soit une hausse de 6,9 pour 100 par rapport à l'an dernier.

La santé est le poste de dépenses le plus important du budget de l'Ontario.

À l'heure actuelle, nous prévoyons une baisse de nos recettes. Toutefois, les besoins dans les secteurs prioritaires de la santé, de l'éducation et de l'infrastructure, eux, continuent d'augmenter.

Cependant, le ralentissement de la croissance économique signifie des recettes moins importantes pour le gouvernement. Puisque nous sommes liés par notre engagement envers la responsabilité financière, nos dépenses ne peuvent augmenter qu'à un même rythme que nos recettes. Notre gouvernement n'est pas de ceux qui optent pour des budgets déficitaires dans le cadre de leur planification.

Le printemps prochain, nous entendons déposer le quatrième budget équilibré consécutif de l'Ontario.

Nous prévoyons afficher un budget équilibré en 2001-2002. Pour faire face aux impôts, nous avons inclus dans le budget du

printemps une réserve de 1 milliard de dollars. Nous y puiseons 300 millions de dollars afin d'équilibrer le budget du présent exercice, ce qui nous laissera une réserve de 700 millions de dollars.

Notre gouvernement ne laisse pas s'échapper les gains durément obtenus qui nous ont permis de rebâtir la prospérité de l'Ontario. Aujourd'hui, je tiens à affirmer aux Ontariennes et aux Ontariens que, grâce au leadership du premier ministre et à leurs efforts assidus, l'Ontario est mieux préparé que jamais à faire face à une période d'incertitude économique.

Le point sur la situation financière

Par exemple, nous avons respecté notre promesse d'augmenter les services auxquels la population attache de l'importance et de l'aide aux personnes les plus vulnérables.

Par exemple, nous avons respecté notre promesse d'augmenter les services pour les personnes qui ont des troubles du développement. Plus de 50 millions de dollars ont été fournis cette année pour élargir les services communautaires et permettre aux organismes d'embaucher du personnel de vivre au sein de la collectivité.

Ainsi, un grand nombre de membres de l'Assemblée, j'ai rencontré des parents âgés qui se préoccupent de l'avvenir de leurs enfants adultes ayant des troubles du développement. J'espère que cet investissement contribuera à les rassurer. Le climat économique de l'Ontario connaît cependant des changements marqués. Actuellement, les prévisionnistes du secteur privé, en moyenne, estimate que le taux de croissance de l'économie ontarienne ne sera que de 1,1 pour 100 cette année et de 1,3 pour 100 l'an prochain. C'est là un changement considérable comparé au taux de 2,3 pour 100 pour cette année et de 3,6 pour 100 pour l'an prochain qu'ils prévoyaient lors de la préparation du budget du premier ministre. Bien que les prévisionnistes du secteur privé s'attendent à une reprise économique vers le milieu de 2002 et à une croissance accélérée atteignant jusqu'à 4,3 pour 100 en 2003, nous savons que nous devrons faire face à des défis économiques et financiers de taille.

À l'heure actuelle, deux options sont à nous : nous pouvons révenir aux jours des budgets déficitaires, des hausses d'impôts et des taux éléves de chômage, ou nous pouvons nous inspirer du Leadership du premier ministre et renforcer notre réponse aux besoins de la responsabilité fiscale. Nous croyons que

- La reddition de comptes, car les Ontariennes et Ontariens ont le droit de savoir à quoi leur argent est employé;
- La protection des personnes les plus vulnérables, car dans une société compatisante, nous avons le devoir d'aider les personnes dans le besoin. C'est en favorisant la croissance, en dépendant de manière judicieuse et en faisant des choix responsables que nous pouvons venir en aide aux personnes nécessaires pour bâtir notre avenir;
- Enfin, une démarche axée sur l'avenir afin que, tout en régulant aideront à maintenir le cap.

Ces principes ont su nous guider dans la bonne voie et ils nous savent prendre des décisions difficiles. Depuis 1995, le premier ministre Mike Harris a su être le leader dont nous avions besoin. Nous son leadership, l'Ontario a connu une prospérité inégalée.

- Nous avons assisté à la création de 824 200 emplois nets.
- Le revenu disponible a augmenté de 20 pour 100.
- 602 000 personnes sont devenues autonomes en quittant les rangs des bénéficiaires de l'aide sociale.
- Pour la première fois en près de cent ans, la province devrait afficher un budget équilibré pour la troisième année consécutive.
- L'époque des déficits étant maintenant révolue, la côte de solvabilité de la province a été haussée.

Pour maintenir le cap, il faudra faire preuve de leadership et savoir prendre des décisions difficiles.

Maintenir le cap

Nous avons réussi sur plusieurs fronts. Nous avons géré les finances avec prudence, réduit les impôts et favorisé la création d'emplois. Grâce à ces réalisations, nous pouvons offrir les

Préserver nos valeurs

Monsieur le Président, Les événements effroyables du 11 septembre nous ont rappelé que nous ne devons pas tenir pourAcquis les valeurs qui nous sont chères et notre mode de vie. Aux lendemains de cette tragédie horrifique, nous en sommes venus à apprécier davantage les valeurs qui définissent notre société telles que :

- Le respect de la personne;
- Les possibilités économiques;
- La justice;
- La compassion;
- La liberté circulaire des personnes, des marchandises et des idées.

Fondamentales

Il semble que nous ayons été rappelés à nos fondamentales par les événements du 11 septembre. Les événements effroyables du 11 septembre nous ont rappelé que nous ne devons pas tenir pourAcquis les valeurs qui nous sont chères et notre mode de vie. Aux lendemains de cette tragédie horrifique, nous en sommes venus à apprécier davantage les valeurs qui définissent notre société telles que :

Principes qui orientent nos décisions

J'estime que nous pouvons demeurer fidèles à nos valeurs en suivant les principes clés qui orientent nos politiques économiques et financières depuis 1995. Ces principes comprennent les suivants :

- un engagement envers la croissance économique afin de créer des emplois;
- la conviction que les Ontariens sont les mieux placés pour décider eux-mêmes comment ils dépenseront et investiront leur argent;
- la conviction que les Ontariens sont les mieux jugicieux et les meilleurs à donner aux contribuables les meilleures services qui soient au meilleur coût possible;
- la responsabilité financière, ce qui signifie dépenser dans les choix responsables - en raison du très grand nombre de besoins auxquels il doit répondre, le gouvernement doit définir des priorités et faire des choix responsables;



Perspectives économiques
et revue financière
de l'Ontario de 2001
Allocation prononcée devant
l'Assemblée législative

ISSN 1499-5557

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Sous réserve de modifications

Le 6 novembre 2001
ministre des Finances
par l'honorable James M. Flaherty
membres de l'Assemblée législative de l'Ontario
Présente aux

**Perspectives économiques
et revue financière
de l'Ontario de 2001
Allocution prononcée devant
l'Assemblée législative**

Ministre des Finances
L'honorable James M. Flaherty

l'Assemblée législative
Allocation prononcée devant

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Economic Outlook and Fiscal Review



*Growth, Prosperity and
Continued Opportunity*

*The Honourable Janet Ecker
Minister of Finance*



2002

Ontario Economic Outlook and Fiscal Review



*Growth, Prosperity and
Continued Opportunity*



*The Honourable Janet Ecker
Minister of Finance*

General inquiries regarding the *2002 Ontario Economic Outlook and Fiscal Review* should be directed to:

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Introduction

In 2001, the Ontario economy faced a severe test. The impact of the slowdown in the world economy was compounded by the terrorist attacks of September 11, which disrupted our borders and jarred investor and consumer confidence.

This year, Ontario's economy has recovered well. Economic growth and job creation are the fastest among major industrialized countries. The policies implemented since 1995 have contributed to this rebound by reinforcing the underlying strengths of Ontario's economy.

Since 1995, the Government of Ontario has supported economic growth by cutting taxes, balancing the budget, paying down public debt, investing in infrastructure and innovation, delivering public services more efficiently, and reducing red tape to remove barriers to private-sector investment and job creation. These policies have paid off for the people of Ontario and contributed to the healthy outlook for our economy.

As in previous years, this document examines Ontario's current economic performance and prospects and discusses the fiscal setting. Private-sector forecasters now anticipate that the Ontario economy will grow by 3.5 per cent both this year and next. They expect Ontario's economy, once again, to grow more rapidly than any of the G-7 nations.

With a surplus of \$375 million in 2001-02, Ontario recorded its third straight balanced budget. The Province's net debt has been reduced by \$4.5 billion prior to the provisional adjustment for the Canada Customs and Revenue Agency error and accounting changes. This year, Ontario is on track to record a fourth balanced budget.

Section A of this document discusses Ontario's Economic Performance: Growth, Jobs and Prosperity. Section B describes Ontario's Economic Outlook. Section C presents Ontario's Fiscal Plan. Data Tables at the end of the document provide detailed information on all aspects of the Ontario economy.

2002 Ontario Economic Outlook and Fiscal Review

A: Ontario's Economic Performance: Growth, Jobs and Prosperity

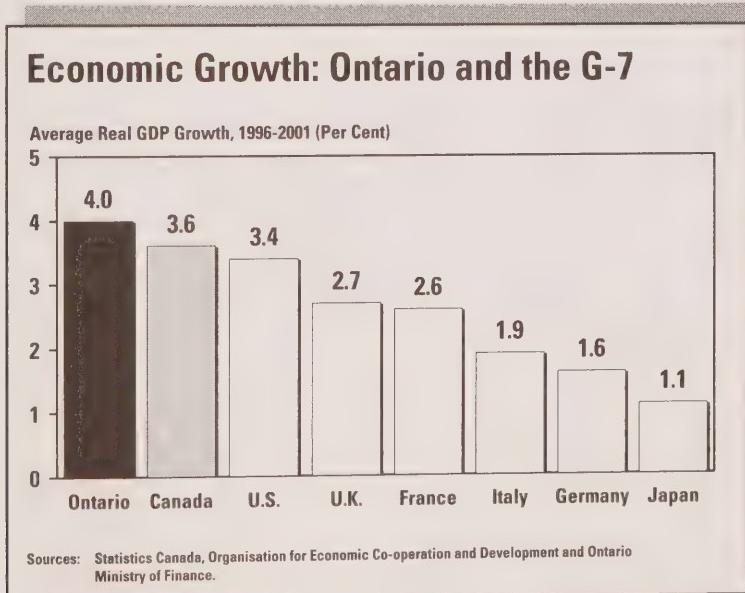
2002 Ontario Economic Outlook and Fiscal Review

Ontario Leads Economic Growth

The Ontario economy is rebounding from the setback in 2001, when real growth slowed to 1.5 per cent. Ontario was not alone last year as all G-7 industrial countries experienced a marked slowdown in real growth.

In the face of turbulent economic times, however, Ontario's sound policies have supported a return to stronger economic growth. Real Gross Domestic Product (GDP) increased by 1.1 per cent (4.4 per cent annualized) in the second quarter of 2002, following a strong first-quarter advance of 1.8 per cent (7.6 per cent annualized). In 2002, Ontario auto sales have risen 8.5 per cent from the same period a year earlier, while home resales have grown 12.8 per cent. Since December 2001, Ontario has added almost 170,000 net new jobs.

The same policies have helped Ontario to prosper over the years since 1995. During the 1996-2001 period, Ontario's real GDP grew by 26.6 per cent, an average of 4.0 per cent per year. This was a dramatic turnaround from the stagnation of the early 1990s. Since 1995, Ontario's growth has been much stronger than that of any G-7 nation and also faster than the growth of any other provincial economy.



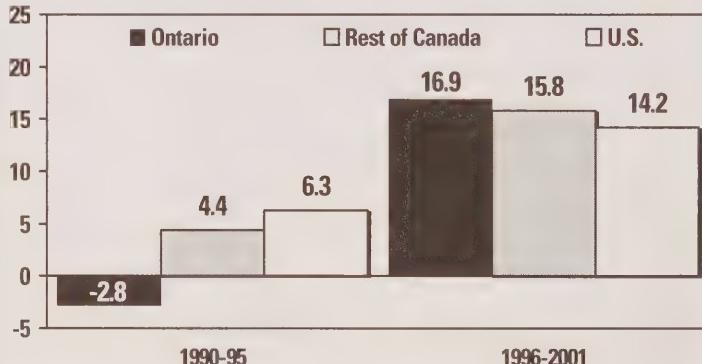
- Strong domestic demand, supported by tax cuts and job creation, has been the main ingredient of Ontario's strong economic growth. Over the 1996-2001 period, consumer spending, accounting for 50.6 per cent of Ontario growth, and business investment, accounting for 18.5 per cent of growth, have played the leading roles.
- Policies supporting a positive business climate also helped Ontario producers compete on the international stage. Ontario's international and interprovincial trade performed impressively over the last six years. Real exports have increased by 38.5 per cent, while imports have grown by 35.0 per cent.

PRODUCTIVITY GROWTH: ONTARIO GOES FROM WORST TO FIRST

Rising productivity is the only enduring way to achieve an improving standard of living. The broadest measure of an economy's productivity is the growth in real GDP per capita. Since 1995, Ontario's GDP per capita growth has exceeded that of the rest of Canada, the United States and the average of the industrialized countries. Ontario's rising productivity and strong job creation since 1995 reflect the benefits of reducing taxes and creating an environment conducive to investment.

Sound Policies Lead to Strong Productivity Growth

Per Cent Change in Real GDP per Person



Sources: Statistics Canada, Ontario Ministry of Finance and U.S. Bureau of Economic Analysis.

- International economic studies show that cutting taxes on personal and business income leads to significant increases in long-run productivity growth.

A: Ontario's Economic Performance: Growth, Jobs and Prosperity

- Cutting income taxes invigorates an economy. It gives both entrepreneurs and employees the incentive to try harder to achieve success and earn higher incomes because they will be able to keep a larger part of what they earn. Lowering business taxes also leads to increased investment, higher productivity and higher incomes for Ontario workers.
- Productivity gains also result from investment in equipment, technology and knowledge; from innovation that creates new products and new ways of working; and from an agile industry that continually seeks the best opportunities. These are the hallmarks of Ontario's economy.

Skilled Workforce an Advantage for Ontario

A skilled workforce is also critical to raising productivity and creating growth. Ontario's highly educated workforce provides a strong skills base for the province's industries. In recent years, about 90 per cent of net new jobs have gone to those with higher education.

- Ontarians know the value of education. At 55 per cent, Ontario tops all countries in the Organisation for Economic Co-operation and Development (OECD) with the highest share of adults with completed post-secondary education. This measure includes university and college credentials and college-based apprenticeship and training. Ontario's rate of educational attainment is more than double the OECD average of 25 per cent. Ontario ranks first in college credentials and third in university credentials, surpassed by only the United States and Norway in the latter category.

Adult* Post-Secondary Educational Attainment, Ontario and OECD, 2001

Adults with Completed Post-secondary Education (Per Cent)



*Adults aged 25-64.

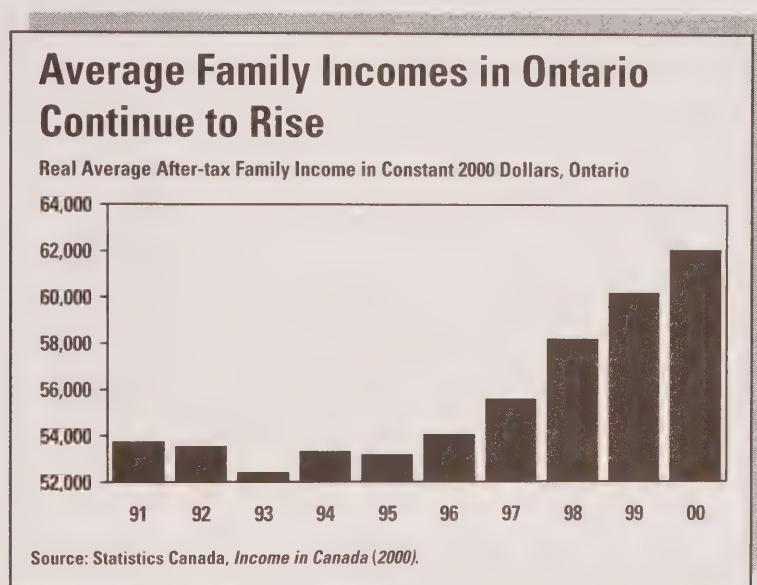
Sources: OECD, *Education at a Glance* (2002) and Statistics Canada, custom tabulations for Ontario.

The government has made significant investments in education and skills training that will establish Ontario as a leader in preparing its young people for the future:

- An additional \$368 million in post-secondary operating grants by 2003-04 will ensure that every willing and qualified student in the double cohort will be able to attend college or university.
- The Ontario SuperBuild Corporation and its partners are investing \$2.2 billion to expand and modernize college and university facilities, creating more than 79,000 new spaces for students. This is the largest capital investment in post-secondary education since the 1960s.
- New commitments of over \$120 million to expand the apprenticeship training system, including doubling the entrants to apprenticeship, connecting more young people and those trained outside of Canada to careers in the skilled trades, and modernizing classroom equipment. These investments will help prevent serious skills shortages.

Family Incomes Continue to Rise

Improved productivity is reflected in the upward trend in family incomes. Coupled with strong growth in employment and investment earnings, incomes for Ontario families have risen steeply since 1995. Furthermore, tax cuts have enabled families to keep more of this income. Since 1995, real average after-tax family income has increased by nearly 17 per cent to reach a high of \$62,062 in 2000, the latest data available.



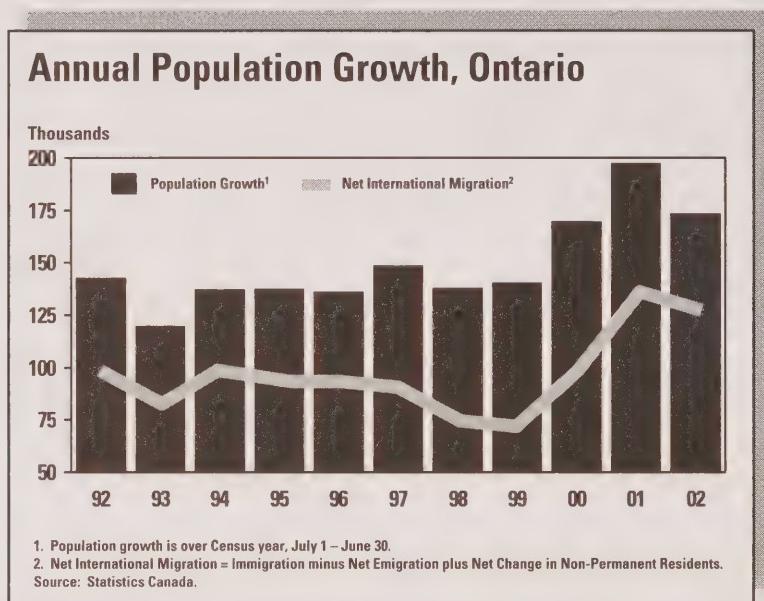
The growth in family incomes has been spread across different types of families and income groups:

- Two-parent families with children saw their real average after-tax income increase from \$57,672 in 1995 to \$68,707 in 2000, a 19 per cent increase.
- Single-parent families saw their real average after-tax income rise from \$26,568 in 1995 to \$35,272 in 2000, a 33 per cent increase.
- All family income quintiles saw growth between 1995 and 2000, ranging from 9 to 22 per cent.

Strong job growth since 2001 is likely to have led to further real increases in incomes for Ontario families.

Strong Population Growth

Ontario continues to attract new residents. In 2002, Ontario's population reached 12.1 million, up 1.5 per cent from the previous year. This followed even stronger population growth of 1.7 per cent in 2001. In comparison, population growth averaged 1.3 per cent annually over the 1990s. Above-average population growth over the past two years was attributable to record levels of immigration to Ontario.

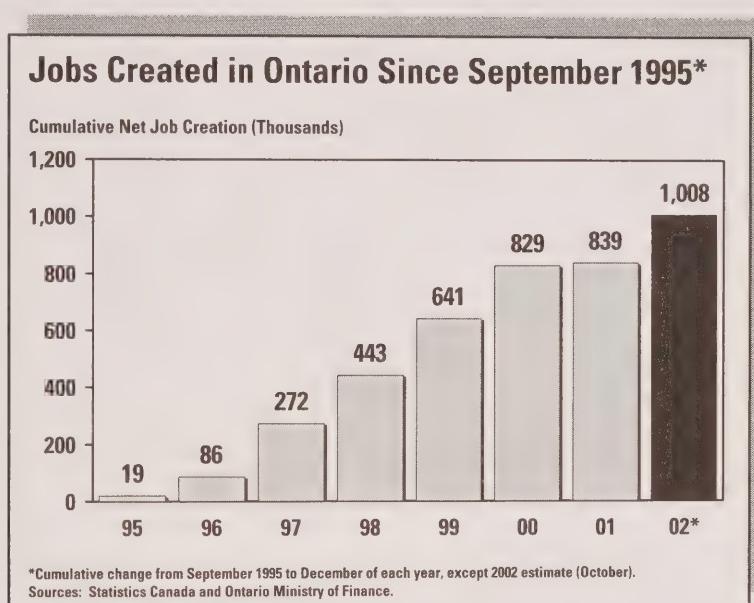


- Immigration totalled nearly 153,000 in Census year 2001-02. This followed a similarly high level of 150,000 immigrants to Ontario in 2000-01, significantly above the average annual level of 118,000 during the 1990s.
- Immigration also contributed to strong population growth in the Greater Toronto Area (GTA). In 2002, the GTA's population was nearly 5.5 million, a 14.1 per cent increase over 1996. The GTA accounted for 45 per cent of the province's population in 2002 but nearly 70 per cent of Ontario's population growth over the 1996-2002 period.

Ontario is highly urbanized with 49 per cent of Ontarians living in cities of over 500,000 people. According to the 2001 Census, 78.5 per cent of Ontarians lived in an urban area with a population of 10,000 or more, up from 76.5 per cent in 1996. Ontario's rural population declined slightly between 1996 and 2001, falling about 50,000 to reach 1.7 million or 15.3 per cent of the population in 2001.

Strong and Broadly Based Job Creation

Job creation continues to benefit from sound policies that foster a healthy business climate. Since September 1995, the Ontario economy has generated over a million net new jobs, accounting for 46.5 per cent of the national job gain. In the face of economic challenges, just over 9,000 jobs were created between December 2000 and December 2001. Since then almost 170,000 net new jobs have been created.

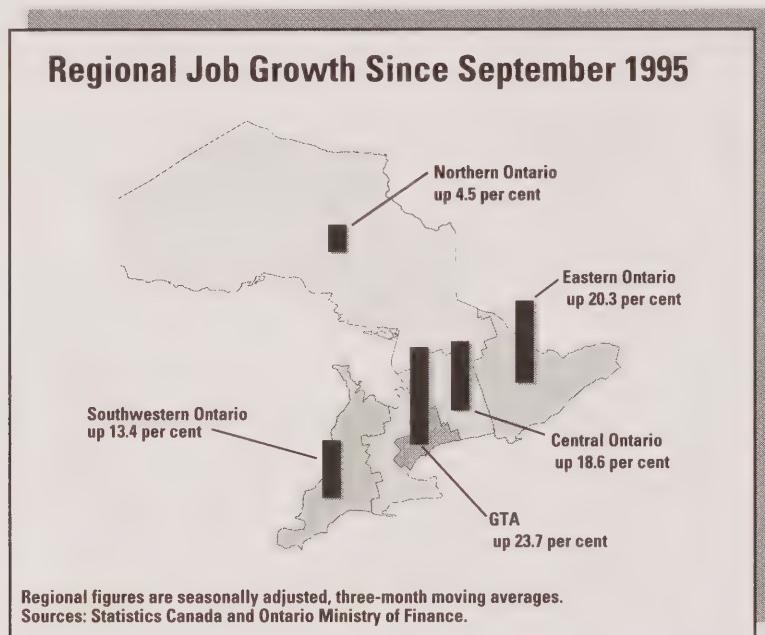


Job prospects have improved right across the economy. Men, women and youth have all benefited.

- Ontario's youth gained 115,300 net new jobs during the 1998-2001 period, more than in any other four-year period on record. The youth unemployment rate has fallen by almost four percentage points since 1997, from 16.4 per cent to 12.5 per cent in 2001. In 2002, youth have posted positive job growth, gaining 20,100 net new jobs in the third quarter, the largest quarterly advance in four years.

Job Growth Across Ontario's Regions

Since September 1995, all regional economies in Ontario have benefited from the province's strong job growth performance.



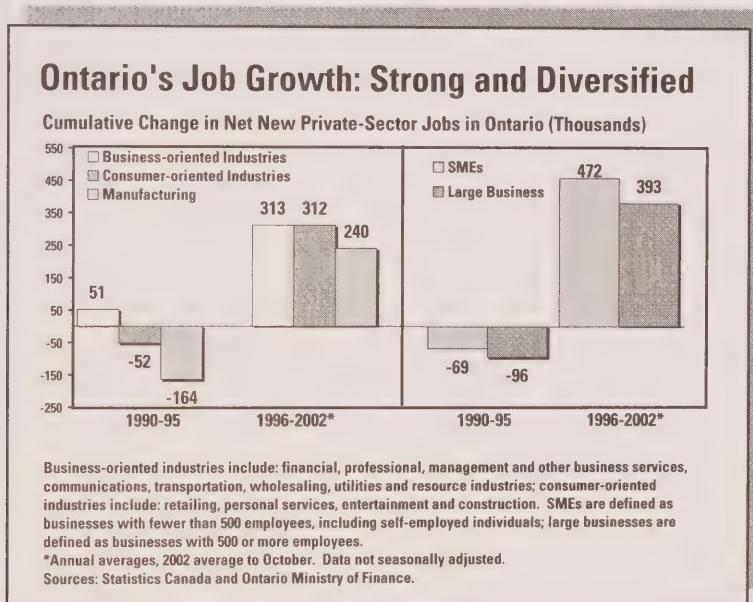
- Since September 1995, Ontario's two largest regional economies—the GTA with 45 per cent of Ontario employment, and Central Ontario with 23 per cent of employment—created roughly 527,900 and 221,800 net new jobs respectively.
- Also since September 1995, Ontario's Eastern and Southwestern regions—each with about 13 per cent of provincial employment—created roughly 135,200 and 91,600 net new jobs respectively. Northern Ontario (with over six per cent of employment) created roughly 16,200 net new jobs.
- Over the past 12 months, employment has increased in all five of Ontario's regional economies: 33,500 net new jobs in Eastern Ontario; 40,200 in Central Ontario; 54,400 in the GTA; 16,800 in Southwestern Ontario; and 12,600 in Northern Ontario.
- The government intends to create tax-incentive zones for communities experiencing challenges in attracting investment and jobs. Tax incentives would encourage businesses to invest, relocate or expand in these communities and give young people the opportunity to live, work, raise a family and give back to the communities where they grew up.

A: Ontario's Economic Performance: Growth, Jobs and Prosperity

- The government has invited communities to come forward with proposals to host one of six tax-incentive zone pilot projects. The government will be looking to test a variety of proposals in different areas across the province in order to identify the conditions necessary to support sound business investments and job creation.

Strong Job Growth Across Business Sizes and Sectors

Ontario's economic policies are helping businesses of all sizes, in many industries, to grow and create jobs.

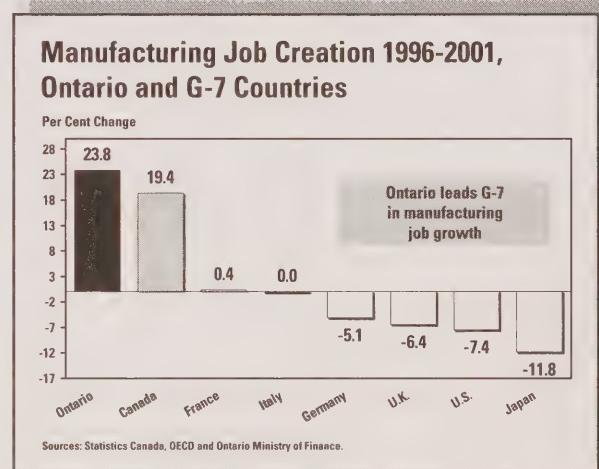
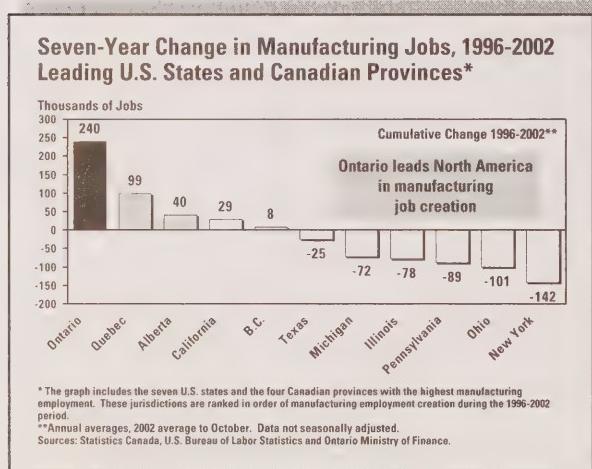


- Job creation has been broadly based during the 1996-2002 period, with robust business activity supporting the creation of 313,000 jobs in business-oriented industries such as professional services, and strong consumer spending supporting job growth of 312,000 in consumer-oriented industries such as retail trade and construction. Ontario continued to lead the North American manufacturing economy, creating 240,000 net new manufacturing jobs.
- Small and medium-sized enterprises (SMEs) continued to display their confidence in Ontario's approach to economic policy, adding 472,000 new jobs during the 1996-2002 period. SME job creation accounted for 55 per cent of Ontario's private-sector total.

Ontario Manufacturing—Job Growth Leader in North America

The improved business environment is notable for Ontario's manufacturing sector. Ontario has a highly competitive and diverse manufacturing sector. The 240,000 net new jobs created over the 1996-2002 period were 57 per cent of Canada's total and more than any other province or any U.S. state. In comparison, all of the other G-7 countries except France lost manufacturing jobs during the 1996-2001 period.

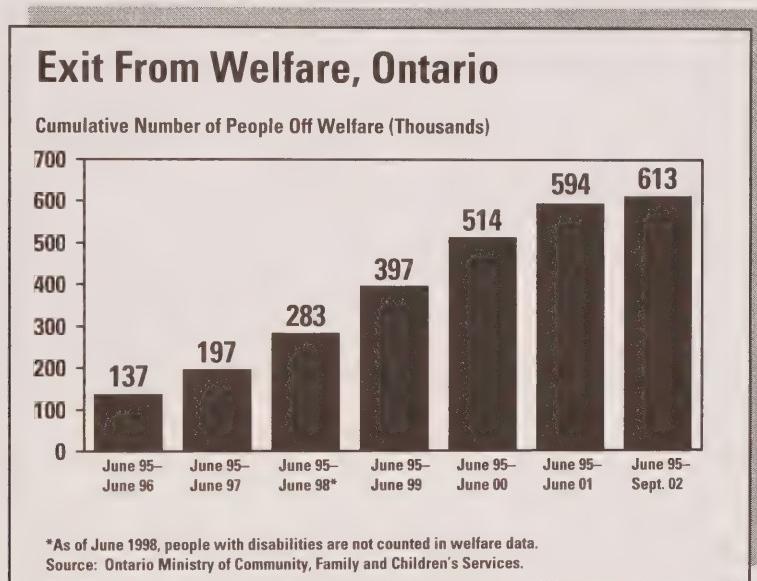
- Ontario manufacturing job growth over the 1996-2002 period was spread across many industries, including auto parts (+52,000 jobs); computer and electronic equipment (+26,000 jobs); machinery (+24,000 jobs); and furniture (+22,000 jobs).
- Half of the manufacturing job growth between 1998 and 2002 has been by small and medium-sized manufacturers.
- In the past 12 months, Ontario has continued to lead all Canadian provinces and U.S. states, with a gain of 73,000 net new manufacturing jobs. U.S. manufacturing lost close to 700,000 jobs over the same period.



Exit From Welfare Continues

Strong job growth, coupled with welfare reforms, has driven Ontario's success in lowering welfare dependence every year since June 1995. As of September 2002, 613,193 fewer adults and children were on the Provincial welfare rolls.

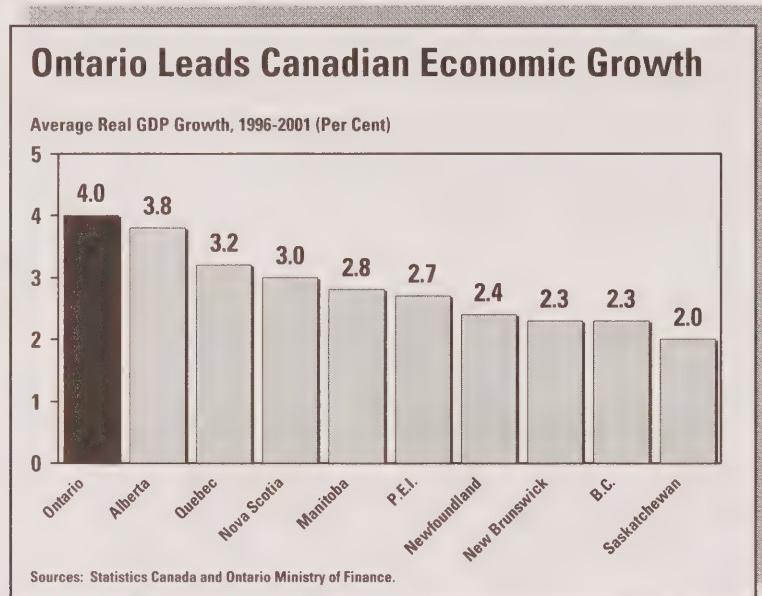
This success in lowering the welfare caseload since 1995 is in sharp contrast to the experience in the 1980s when the caseload grew even as the economy generated jobs and reduced unemployment.



- Welfare reforms have encouraged self-reliance by breaking through barriers that fostered dependence. Ontario Works, the Province's mandatory work-for-welfare program, gives participants the chance to upgrade their education, get job training and gain valuable work experience. At the same time, the welfare system remains a safety net for those who truly need it.

Ontario's Economic Performance: A Record of Resilience and Growth

Since 1995, Ontario has achieved an outstanding record of economic growth and job creation. Ontario's economy has grown faster than that of any of the G-7 nations or any other Canadian province.



This strong performance showed itself in the resilience of Ontario's economy during the global slowdown of 2001 and in the resumption of strong growth so far in 2002. Ontario's economic policies, including lower taxes, the efficient delivery of public services, infrastructure investment and the elimination of unnecessary barriers to private-sector initiative, have supported this solid economic record.

The next section discusses Ontario's economic outlook. Despite the many risks and uncertainties that face world markets, forecasters expect continued solid economic growth in Ontario.

B: Ontario's Economic Outlook

2002 Ontario Economic Outlook and Fiscal Review

Introduction and Highlights

In 2002, the Ontario economy demonstrated its strength and resilience. The economy emerged strongly from the severe setback of the previous year and regained its position as a growth leader.

While the global economy continues to face numerous risks and challenges, the Ontario economy is expected to achieve sustained economic growth. As in previous years, the Economic Outlook and Fiscal Review reports on private-sector forecasts for the Ontario economy. These provide a good framework for Budget consultations and planning. Ontario will present its set of prudent planning assumptions when a Budget is introduced before the end of this fiscal year.

**Private-Sector Forecast for Ontario Economy
(Annual Average, Per Cent)**

	2001	2002p	2003p	2004p
Real GDP Growth	1.5	3.5	3.5	3.9
Unemployment Rate	6.3	7.1	6.7	6.4
CPI Inflation	3.1	2.1	2.4	1.9

p = private-sector survey average.

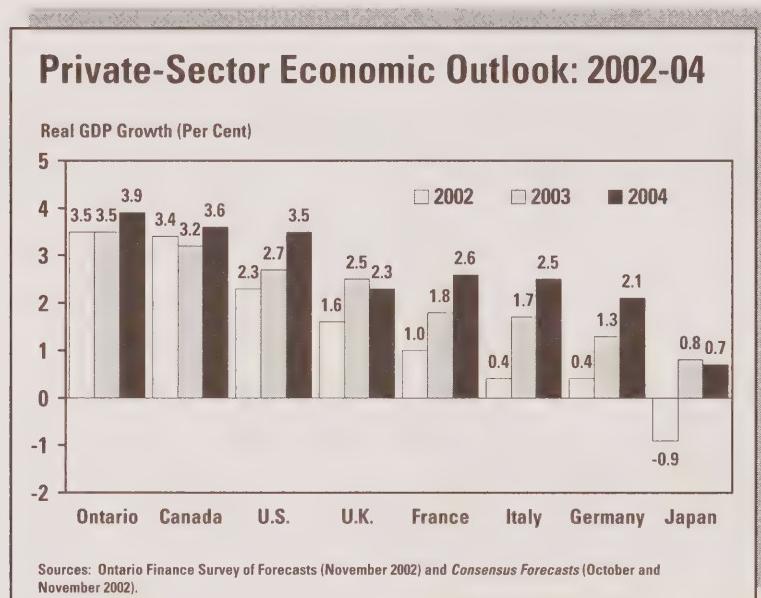
Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasts (November 2002).

Ontario's 2002 economic outlook has improved since last June's Budget. However, the 2003 outlook has moderated. Private-sector forecasters on average now expect real growth of 3.5 per cent in 2002, compared to 3.2 per cent at the Budget. Next year's growth is now expected to be 3.5 per cent compared to 4.3 per cent anticipated last June. For 2004, private-sector forecasters expect real growth to remain strong at 3.9 per cent.

The weaker growth outlook for 2003 results primarily from the tentative and uncertain recovery that has developed in the United States. Although U.S. consumer spending has grown, business spending has fallen. In part, this is because of the risk that war in the Middle East could have negative economic consequences. This uncertainty has combined with the persistence of high levels of excess capacity in many industries to make U.S. business reluctant to invest or hire.

Ontario to Lead Economic Growth

Following the global economic slowdown of 2001, the Ontario economy has rebounded strongly and once again is outpacing growth in all of the G-7 nations. This is a testament to the strength of the economy, a strength reinforced by the policies pursued by the Ontario Government over the past seven years. Taxes have been lowered, the budget has been balanced for three consecutive years and barriers to job creation and investment have been reduced. These policies promote job creation, increase incomes, boost spending and encourage new business investment.

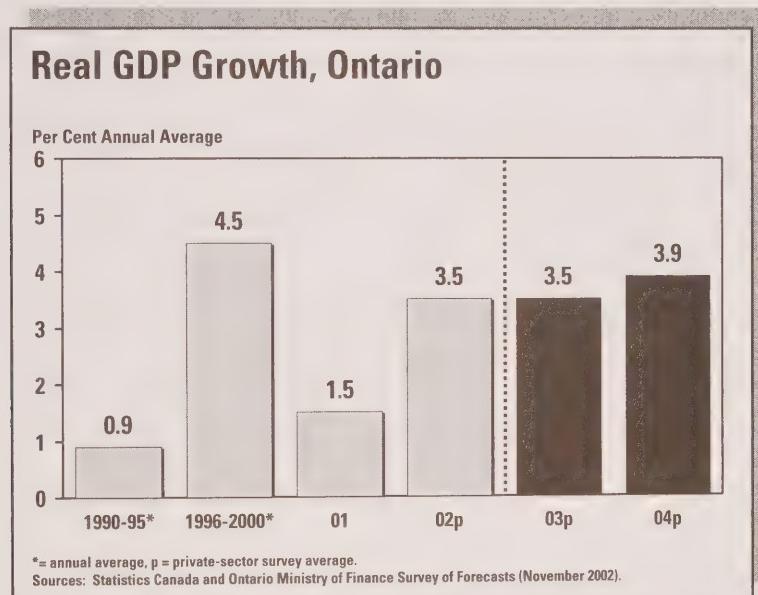


According to private-sector economists, Ontario real GDP will grow by 3.5 per cent in 2002, 3.5 per cent in 2003 and 3.9 per cent in 2004. Ontario is expected to be the top-performing economy over this period, outpacing the economic performance of all of the G-7 nations. This confidence is based on Ontario's solid record, rising productivity, growth of our skilled and well-educated labour force and the commitments that the economic framework for investment and entrepreneurship will remain supportive.

B: Ontario's Economic Outlook

A number of factors are shaping the economic outlook for the next few years:

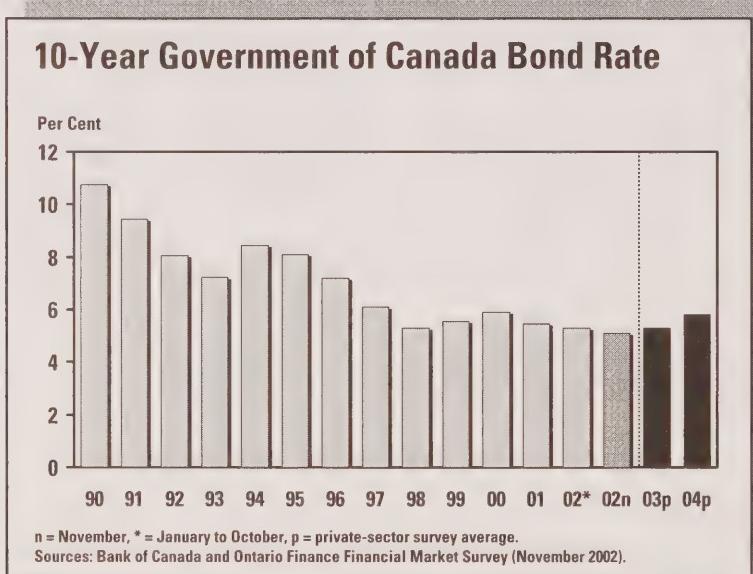
- Reduced personal and corporate tax rates have improved incentives to work and invest, and enhanced financial positions in both the business and household sectors.
- Low interest rates will help contain business expenses and bolster spending on consumer goods, new home construction and renovation activity.
- U.S. households continue to spend on big-ticket items, particularly automobiles, providing a boost to one of Ontario's key sectors.



Low Interest Rates and Stable Inflation Support Growth

Interest rates are expected to remain low by historical standards, reflecting moderate inflation. Both the U.S. Federal Reserve and the Bank of Canada reduced interest rates sharply in 2001 in response to the weakness in the economy. After keeping interest rates unchanged since the end of 2001, the U.S. Federal Reserve lowered interest rates by 50 basis points on November 6 in order to support continued economic growth. With the Canadian economy growing at roughly twice the pace of the American economy, the Bank of Canada has increased interest rates three times since April 2002, by a total of 75 basis points. They have held rates steady since August as the outlook for global economic activity weakened. Most economic forecasters expect the Bank to keep interest rates unchanged until early next year.

Despite the modest increase in short-term interest rates, long-term borrowing rates in Canada remain near record low levels. Interest rates are expected to increase gradually in 2003 and 2004 as the economy grows and the Bank of Canada acts to prevent inflationary pressures from emerging.



- The Canadian three-month treasury bill rate is currently near 2.7 per cent. Private-sector forecasters expect the three-month treasury bill rate to rise to an average of 3.5 per cent in 2003 and 4.4 per cent in 2004.

B: Ontario's Economic Outlook

- The Canadian 10-year Government bond rate is currently near 5.1 per cent. Private-sector forecasters expect the 10-year bond yield to average 5.3 per cent in 2003 and rise to 5.8 per cent in 2004.

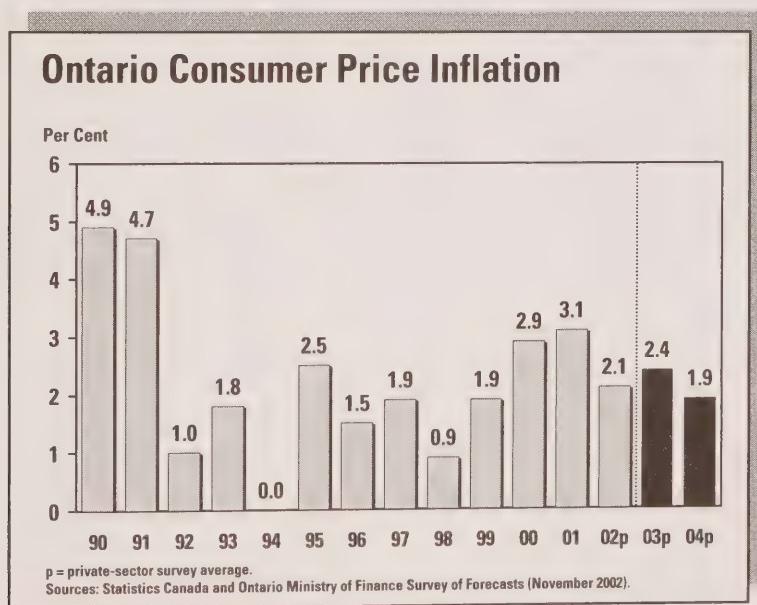
Canadian Interest Rate Outlook (Annual Per Cent)

	2001	2002 Jan.-Oct.	2002 Nov.	2003p	2004p
3-Month Treasury Bill Rate	3.8	2.6	2.7	3.5	4.4
10-Year Government Bond Rate	5.5	5.3	5.1	5.3	5.8

p = private-sector survey average.

Sources: Bank of Canada and Ontario Finance Financial Market Survey (November 2002).

The Bank of Canada's policy of targeting low and stable rates of inflation is one of the key reasons that interest rates are expected to remain at low levels. Inflation in Canada is expected to remain moderate, governed by the target band of one to three per cent for CPI inflation.



Private-sector economic forecasters expect Ontario's CPI inflation rate to decline to 2.1 per cent in 2002, from the 3.1 per cent rate reached in 2001. For 2003, forecasters project an average inflation rate of 2.4 per cent, followed by a rate of 1.9 per cent in 2004.

Inflation has averaged 1.8 per cent over the first 10 months of the year. However, the year-over-year inflation rate has risen from a low of 0.8 per cent in May to 2.8 per cent in October, as energy prices have climbed back up. Inflation rates are expected to decline by the end of the year and trend lower throughout 2003, in part due to the government's decision to protect consumers from electricity price volatility.

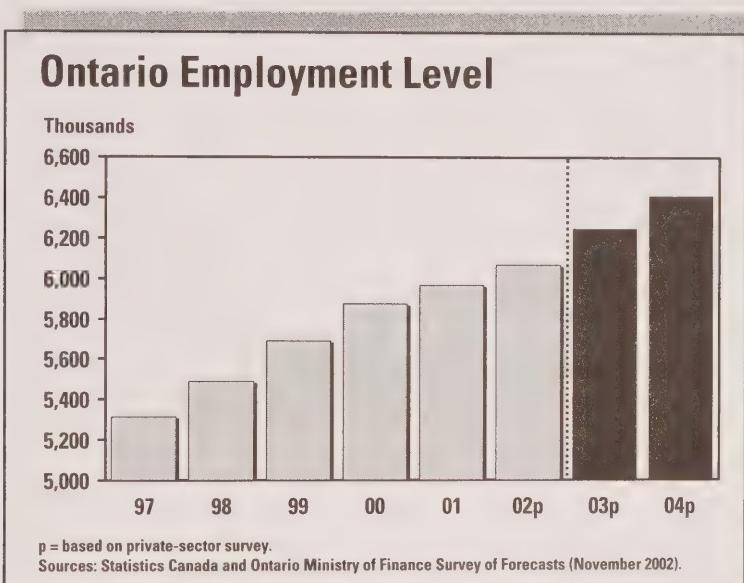
A number of factors will affect Ontario's price environment over the next two years:

- From January to October 2002, crude oil prices (using West Texas Intermediate as a benchmark) increased by more than 50 per cent to around \$30 US per barrel, a reflection of political unrest in the Middle East and OPEC's commitment to production quotas. Over the same period, Ontario's average gasoline pump price rose by almost 18 cents per litre. Oil prices have remained volatile, recently trading in the \$26 to \$28 US per barrel range. Private-sector forecasters expect oil prices will be around \$25 US over the next year.
- Ontario wage settlements have remained moderate, averaging 2.8 per cent over the first nine months of the year, compared to 2.9 per cent in 2001.

Although the average private-sector forecast for inflation over the next year is in the upper half of the Bank's inflation control target range, long-term inflation expectations are centred tightly around two per cent.

Job Creation Solid

Ontario's job creation has been solid this year, despite the weak economic performance of the Province's major trading partner, the United States. Private-sector forecasters anticipate 2002 job creation of up to 101,000 new jobs. Further strengthening is expected, with employment rising by up to 350,000 new jobs over the next two years. By 2004, up to 6.4 million Ontarians are expected to be employed.

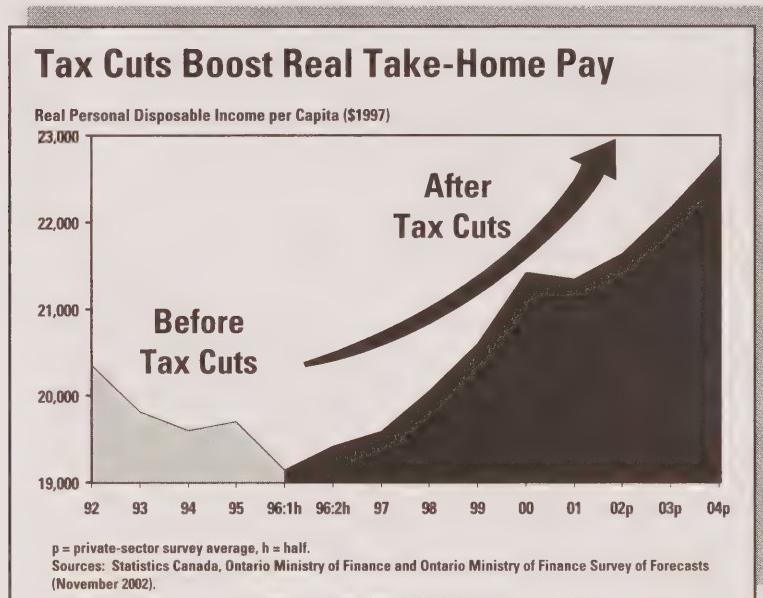


Private-sector forecasters project annual job growth of up to 1.7 per cent in 2002, 3.0 per cent in 2003 and 2.6 per cent in 2004.

Private-sector forecasters expect the unemployment rate to decline from 7.1 per cent in 2002 to 6.7 per cent in 2003, and then fall to 6.4 per cent in 2004. The unemployment rate has remained much lower than during the 1990-95 period, when Ontario's jobless rate averaged 9.3 per cent.

Consumer Spending Supported by Strong After-Tax Income and Low Interest Rates

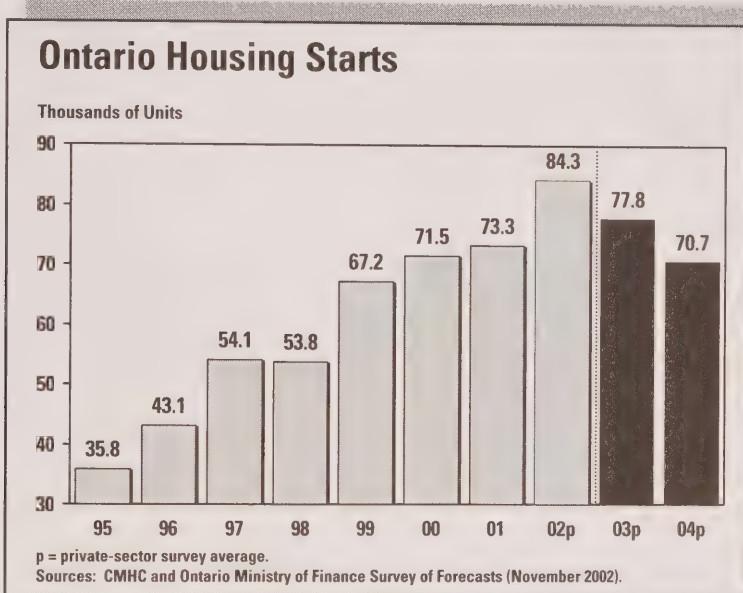
Consumers are expected to remain the leading force in sustaining economic growth during the 2002 to 2004 period, bolstered by stronger after-tax income and low interest rates.



- Since the provincial government began cutting taxes in mid-1996, Ontario real after-tax income has increased 22.3 per cent, which works out to a real increase of 12.5 per cent per person. This has fuelled the 24.8 per cent rise in real consumer spending during the same period.
- Low interest rates and solid income growth have helped to ease the cost of carrying household debt loads, while rising house values have helped to offset the impact of stock-market losses.
- Competitive price and financing incentives have fuelled robust auto sales, while strong housing markets have driven robust growth in housing-related expenditures. Ontario retail sales are up 5.7 per cent so far this year, led by increases of 9.1 per cent in autos and 13.3 per cent in household furniture.
- Private-sector forecasters, on average, expect real disposable income to grow by 2.8 per cent in 2002, 3.4 per cent in 2003 and 4.0 per cent in 2004. As a result, consumer spending is expected to grow by 2.6 per cent in 2002, 3.6 per cent in 2003 and 3.8 per cent in 2004.

Housing Prospects Solid

Ontario's housing market has been a key source of growth in 2002. Market conditions are in place to support continued healthy housing activity. Low interest rates and rising after-tax income have helped keep housing affordable for Ontario's growing population. These factors will continue to encourage home purchases and new home construction.

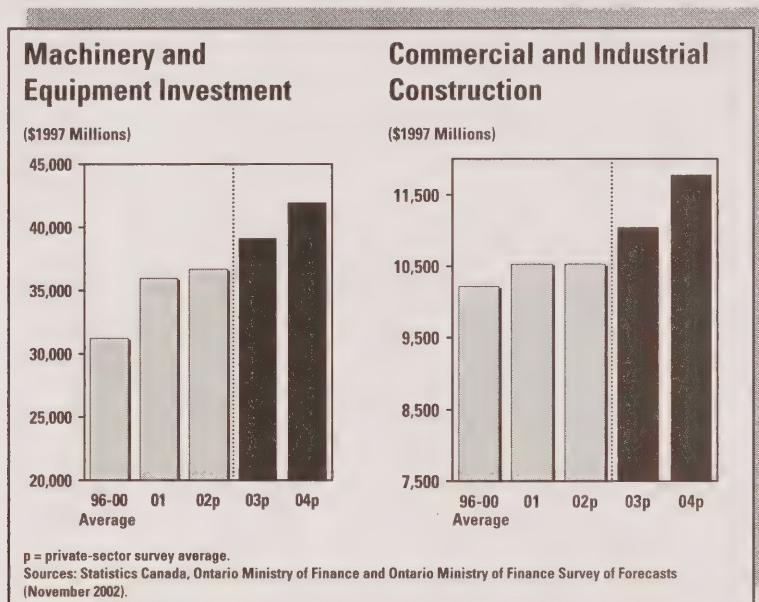


Private-sector economists expect housing starts to reach 84,300 units this year, a 15.0 per cent gain from 2001. Housing starts are anticipated to moderate to the still very healthy level of 77,800 units in 2003 and 70,700 units in 2004.

- Housing in Ontario continues to be affordable. The average monthly carrying cost for an average-priced home in October 2002 was \$1,141, much lower than the peak of \$1,489 in 1990. Despite an anticipated rise in mortgage rates and further gains in house prices, home ownership is expected to remain affordable. Housing cost as a share of average after-tax household income has fallen sharply, from a high of 35 per cent in 1990 to 21 per cent in 2002, and is expected to remain low, averaging close to 22 per cent over the 2003 to 2004 period.
- Five-year mortgage rates in late November were posted at 6.7 per cent. Forecasters expect rates to rise only moderately, to 7.4 per cent in 2003 and 7.8 per cent by 2004.
- First-time buyers of newly constructed homes have been encouraged by Ontario's Land Transfer Tax refund. Since its introduction in 1996, the rebate has helped more than 120,000 Ontarians purchase their first home.

Ontario Attracts Investment

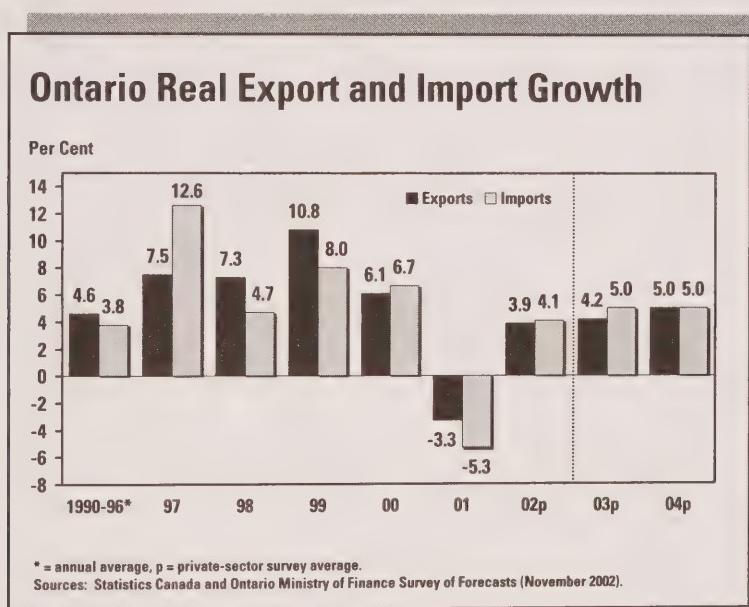
Ontario's business advantages, including a well-educated and highly skilled workforce, low corporate and personal taxes, reduced red-tape regulations, modern infrastructure and the province's central location, continue to attract new investment. This enhances the province's competitiveness in the global marketplace and provides new job opportunities for Ontarians.



- Ontario has a history of strong business investment. The value of Ontario business investment in machinery and equipment rose almost 67 per cent in real terms between 1995 and 2000. Real investment in commercial and industrial construction rose by 41 per cent during the same period.
- Toronto ranks second in relative cost advantage among the OECD's 26 largest cities according to a 2002 KPMG survey of business costs. In addition, KPMG found that three Ontario locations—the Waterloo region, Ottawa and Toronto—ranked third, fourth and fifth, respectively, in terms of cost competitiveness among 16 northeastern North American cities.
- Corporation profits are improving. Forecasters expect Ontario's corporation profits to rise 4.7 per cent in 2002, a further 4.6 per cent in 2003 and 10.2 per cent in 2004.
- Forecasters project that machinery and equipment investment will advance by 1.9 per cent in 2002, accelerate to a 6.7 per cent gain in 2003 and increase by 7.2 per cent in 2004.
- Commercial and industrial construction spending is projected to remain steady in 2002 and grow by 4.8 per cent in 2003 and 6.7 per cent in 2004.

Export Growth Resumes

Strong domestic demand is expected to be accompanied by rising exports, providing Ontario with well-balanced economic growth. Ontario's very competitive export sector is expected to grow solidly as U.S. economic activity strengthens. The United States is Ontario's largest trading partner, accounting for 93 per cent of the province's international exports in 2001. Increasing integration of the North American economy means that growing production in either economy generates increasing two-way trade. Ontario imports are also expected to grow strongly, reflecting healthy increases in capital spending, and durable goods consumption—most of which are imported. Private-sector forecasters expect the U.S. economy to grow by 2.3 per cent in 2002, 2.7 per cent in 2003 and 3.5 per cent in 2004.



Private-sector analysts expect Ontario's real exports to grow by 3.9 per cent in 2002, 4.2 per cent in 2003 and a further 5.0 per cent in 2004, as U.S. demand gains momentum.

Real imports are forecast to rise by 4.1 per cent in 2002, 5.0 per cent in 2003 and 5.0 per cent in 2004. Strong domestic demand, particularly in consumer spending and machinery and equipment investment, will contribute to the strong import growth.

Conclusion

Ontario has a record of strong economic growth. Private-sector economists expect Ontario to continue to grow at a healthy pace. A growing economy is part of the foundation for a healthy quality of life. A growing economy provides the resources to invest in health, education and a safe, clean environment.

The table below shows the current average private-sector forecast for Ontario through 2004.

Outlook for the Ontario Economy (Annual Average Per Cent Change)		Actual	Private-Sector Average		
		2001	2002p	2003p	2004p
Gross Domestic Product					
Real		1.5	3.5	3.5	3.9
Nominal		2.4	4.7	5.4	5.8
Other Economic Indicators					
Retail Sales		2.6	5.5	5.2	4.6
Housing Starts - Units (000s)		73.3	84.3	77.8	70.7
Personal Income		3.8	3.5	5.4	5.4
Pre-tax Corporate Profits		(15.6)	4.7	4.6	10.2
Consumer Price Index (1992=100)		3.1	2.1	2.4	1.9
Labour Market					
Unemployment Rate (%)		6.3	7.1	6.7	6.4

p = private-sector projection.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Ontario Ministry of Finance and Ministry of Finance Survey of Private-Sector Forecasts (November 2002).

For more detailed information on Ontario's economy, see the Economic Data Tables at the end of this document.

C: Ontario's Fiscal Plan

2002 Ontario Economic Outlook and Fiscal Review

Ontario's Fiscal Plan

The Province remains on track to balance its budget in 2002-03 as reported in Second Quarter Ontario Finances. This will be Ontario's fourth consecutive balanced budget and the eighth consecutive year in which the Province has met or exceeded its deficit and debt-reduction target.

The recently released 2001-02 Public Accounts reported a \$375 million surplus for 2001-02. As a result of surpluses recorded in each of the past three years, Net Provincial Debt has been reduced by \$4.5 billion prior to accounting changes and the provisional adjustment for the Canada Customs and Revenue Agency error in remitting personal income tax. This represents more than 90 per cent of the government's \$5 billion debt-reduction commitment made in the 2000 Ontario Budget.

This section will:

- provide an update on the Province's 2002-03 fiscal outlook, based on results for the second quarter ending September 30;
- report on Ontario's recent fiscal performance; and
- review Ontario's borrowing and debt management.

2002-03 Fiscal Outlook: Second-Quarter Update

ON TRACK FOR FOURTH CONSECUTIVE BALANCED BUDGET

In 2002-03, Ontario's budget is expected to be balanced for the fourth consecutive year—the first time in nearly 100 years. As reported in Second Quarter Ontario Finances, the current fiscal outlook for 2002-03 is a balanced budget, unchanged from the 2002 Budget Plan.

2002-03 Fiscal Performance

(\$ Millions)

	Budget Plan	Current Outlook*	In-Year Change
Revenue	66,544	66,611	67
Expenditure			
Programs	54,384	54,494	110
Gross Capital Expenditure	2,713	2,715	2
Less: Net Investment in Capital Assets**	634	634	--
Public Debt Interest			
Provincial	8,550	8,505	(45)
Electricity Sector	520	520	--
Total Expenditure	65,533	65,600	67
Less: Reserve	1,000	1,000	--
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers***	(11)	(11)	--
Surplus / (Deficit)	0	0	--

* Second-quarter results as at September 30, 2002.

** Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

*** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

Source: Ontario Ministry of Finance.

C: Ontario's Fiscal Plan

- Ontario's 2002-03 Budget Plan included a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. The reserve will be available for debt reduction at year-end if not needed.
- With continued uncertainty in the economic and fiscal outlook and consistent with prudent fiscal planning, the reserve was maintained at second quarter to protect the balanced budget.

IN-YEAR REVENUE CHANGES

The revenue outlook for 2002-03, at \$66,611 million, is up \$67 million from the Budget Plan and \$65 million from First Quarter Ontario Finances.

2002-03 In-Year Changes to Revenue Since Budget (\$ Millions)

Changes This Quarter:

Taxation Revenue

Tobacco Tax	(100)
Land Transfer Tax	40
Gasoline Tax	35
Fuel Tax	10
Total Taxation Revenue	(15)
Government of Canada	55
Other Revenue	25
Net Changes Reported in First Quarter Ontario Finances	2
Total In-Year Revenue Changes Since Budget	67

Source: Ontario Ministry of Finance.

- The Tobacco Tax revenue forecast has been reduced by \$100 million reflecting a larger-than-expected decline in cigarette consumption.
- The forecast for Land Transfer Tax revenues has been increased by \$40 million reflecting the robust Ontario housing market.
- The forecasts for Gasoline and Fuel Tax revenues have been increased by \$35 million and \$10 million respectively as a result of stronger economic growth.
- Other Federal Payments have increased by \$55 million, including a \$31 million federal contribution towards Provincial payments to Ontario farmers in past years and \$24 million in support for Provincial primary care health initiatives.
- Independent Electricity Marketing Operator revenues are increased by \$21 million due to recognition of revenues related to ancillary services, rural rate assistance and remote-area subsidies, consistent with the treatment in the 2001-02 Public Accounts. These revenues were not included in the 2002 Budget forecast and offset higher corresponding expenditures.
- Miscellaneous revenue is increased by \$4 million from the Victims' Justice Fund to support new initiatives as part of a multi-ministry interim response to the Hadley Inquest into domestic violence.

IN-YEAR OPERATING EXPENDITURE CHANGES

Operating expenditure for 2002-03, at \$63,519 million, is up \$65 million from the Budget Plan and \$63 million from First Quarter Ontario Finances. Higher spending in-year is mainly due to increased support for farmers and additional forest fire-fighting costs; partially offset by lower Public Debt Interest (PDI) costs.

**Summary of 2002-03 In-Year Operating Expenditure Changes Since Budget
(\$ Millions)**

Changes This Quarter:

Transition funding for farmers	73
Less: Partial offset from the Contingency Fund	(20)
Net change	53
Forest fire-fighting costs	24
Independent Electricity Market Operator – ancillary expenditures	21
Legal Aid – increase in tariff rate	4
Disaster relief assistance for individuals and organizations affected by	
Northwestern Ontario floods	4
Hadley Inquest into domestic violence – interim Provincial response	2
Public Debt Interest – Savings	(45)
Net Changes Reported in First Quarter Ontario Finances	2
Total In-Year Operating Expenditure Changes	65

Source: Ontario Ministry of Finance.

- Expenditure increased by \$73 million in-year to fund Ontario's portion of a federal-provincial transition program for farmers in Ontario, partially offset by \$20 million from the Contingency Fund.
- Additional forest fire-fighting costs this summer resulted in an in-year expenditure increase of \$24 million.
- Expenditure increased in-year by \$21 million, consistent with the treatment in the 2001-02 Public Accounts, to reflect Independent Electricity Market Operator expenditures related to ancillary services, rural rate assistance and remote-area subsidies not included in the 2002 Budget, fully offset by revenues.

- An increase in legal aid tariff rates effective August 2002 increased expenditure by \$4 million in-year.
- An additional \$4 million was provided in-year to help residents, small businesses, farmers, municipalities and municipal organizations affected by severe flooding in Northwestern Ontario earlier in the year.
- Operating expenditure increased in-year by \$2 million to support community service improvement grants, domestic violence bail pilot projects, public education and regional conferences as part of a multi-ministry interim response to the Hadley Inquest into domestic violence, offset by revenue from the Victims' Justice Fund.
- Public Debt Interest costs were down \$45 million from the 2002 Budget Plan projection due to lower-than-expected interest rates and cost-effective debt management.

IN-YEAR CAPITAL EXPENDITURE CHANGES

Net capital expenditure, at \$2,081 million, is up a net \$2 million from the Budget Plan and First Quarter Ontario Finances.

Summary of 2002-03 In-Year Capital Expenditure Changes Since Budget (\$ Millions)

Changes This Quarter:

Hadley Inquest into domestic violence – interim Provincial response	7
Less: Partial offset from Capital Contingency Fund	<u>(5)</u>
Net Change	2
Total In-Year Capital Expenditure Changes	2

Source: Ontario Ministry of Finance.

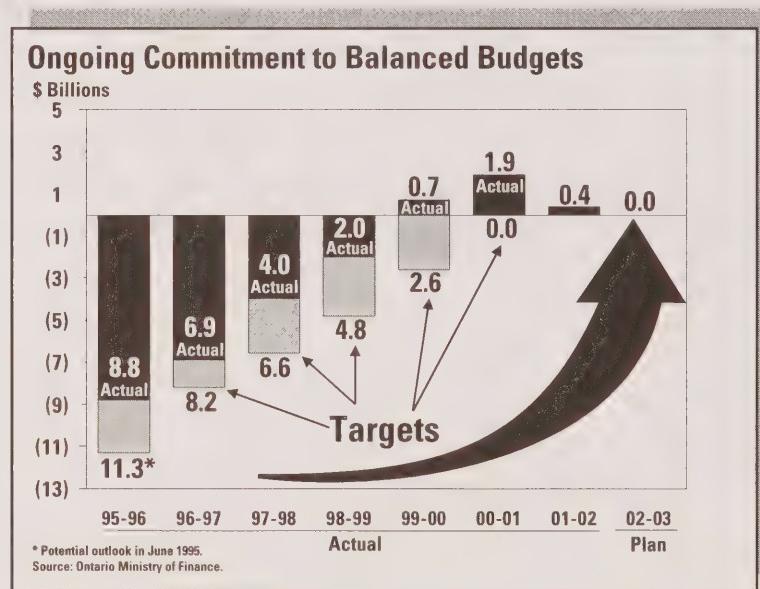
- The capital component of a multi-ministry interim response to the Hadley Inquest into domestic violence includes \$5 million to enhance the safety, security and accessibility of women's shelters and \$2 million for the expansion of the domestic violence court program. These expenditures are offset by \$5 million from the Capital Contingency Fund and \$2 million by revenue from the Victims' Justice Fund.

Ontario's Fiscal Performance

FOUR BALANCED BUDGETS IN A ROW

In November 1995, the government introduced its Balanced Budget Plan, which set out declining annual deficit targets for the Province culminating in a balanced budget in 2000-01. The Balanced Budget targets were overachieved each year and the budget balanced in 1999-2000, one year ahead of schedule.

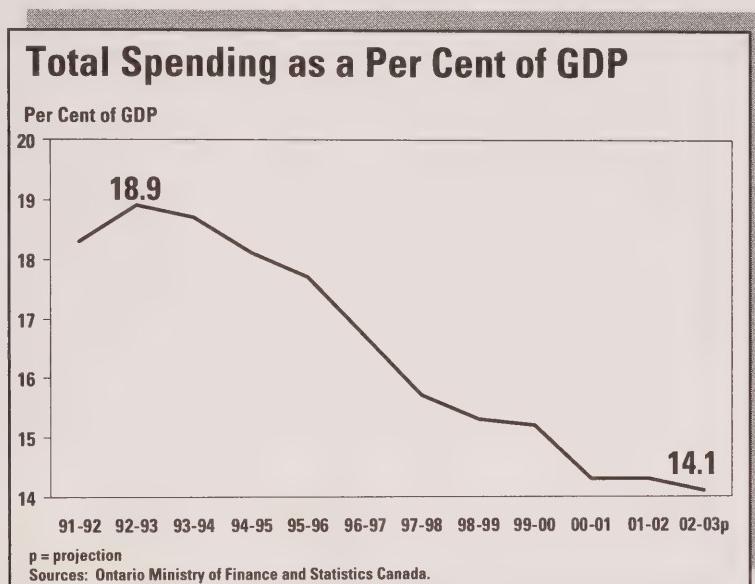
The fiscal year 2002-03 will be the fourth consecutive year in which the government has balanced the budget. The results of recent years combined with the *Balanced Budget Act, 1999*, demonstrate the government's commitment to maintaining a balanced budget on an ongoing basis.



- As at September 30, the second-quarter outlook for 2002-03 is a balanced budget, on track with the 2002 Budget Plan.
- The recently released 2001-02 Public Accounts reported the 2001-02 surplus at \$375 million.

TOTAL SPENDING AS A SHARE OF THE ECONOMY

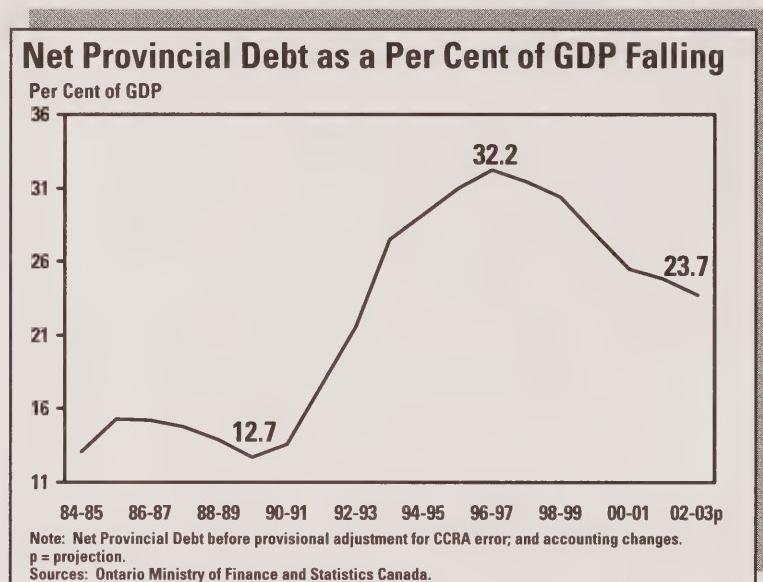
The government's commitment to controlling spending has allowed the Province to reduce spending as a per cent of provincial Gross Domestic Product (GDP) while at the same time investing in key sectors such as health care and education.



- In 2002-03, total spending as a share of the economy is estimated at 14.1 per cent, down from a peak of 18.9 per cent in 1992-93.
- At 14.1 per cent, total spending as a share of Ontario's Gross Domestic Product is at its lowest level since the early 1980s.

NET PROVINCIAL DEBT AS A PER CENT OF GDP FALLING

As a result of four consecutive deficits of over \$10 billion annually, Ontario's debt rose dramatically in the early 1990s. Net Provincial Debt as a per cent of GDP more than doubled from 12.7 per cent in 1989-90 to 32.2 per cent in 1996-97.



- Strong economic growth, sound fiscal management and three consecutive years of budget surpluses have reduced Net Provincial Debt, prior to the provisional adjustment for Canada Customs and Revenue Agency error and accounting changes, to a projected 23.7 per cent of GDP in 2002-03.

Borrowing and Debt Management

MARKET CONDITION

- The U.S. Federal Reserve has lowered its Federal Funds rate by 50 basis points since the beginning of the fiscal year, to its lowest level in over 40 years, to support continued economic growth in the United States. There are also concerns about the potential for war in the Middle East and the risk of negative economic consequences.
- The Bank of Canada has raised interest rates three times so far this fiscal year, in an attempt to reduce the monetary stimulus in the economy. The Canadian economy has remained stronger than expected and core inflation has remained higher than targeted by the Bank of Canada.
- North American bond yields have declined dramatically during the fiscal year. At the same time, the gap between Canadian and U.S. 10-year bond yields has widened significantly, approaching levels last seen in 1996. This is due in part to the safe-haven investor status of U.S. Treasury bonds, Canada's economic outperformance relative to the United States and differences in monetary policy.

BORROWING PROGRAM

- Long-term public market borrowing requirements are \$343 million higher than estimated in the 2002-03 Budget Plan. This is due mainly to a reduction in the refinancing of Canada Pension Plan (CPP) debt of \$330 million, as borrowing from the CPP has not been as cost-effective as other sources.
- As of November 25, 2002, the Ontario Financing Authority (OFA) has completed \$9.6 billion of the Province's 2002-03 long-term public borrowing requirement of \$13.1 billion. The Province was successful in accessing a diverse range of financing sources, including Ontario Savings Bonds, five syndicated domestic issues, nearly 20 structured domestic medium-term notes, five Euro-Canadian bond issues, and five U.S. dollar Global issues.
- International investor demand for Ontario's issues is based on the Province's strong credit rating and the perception of continued economic growth in Canada and Ontario. The Province will continue to monitor international capital markets for cost-effective borrowing opportunities.
- The eighth annual Ontario Savings Bond campaign in June raised \$2.6 billion.

C: Ontario's Fiscal Plan

Financing Program* (\$ Millions)

	2002-03 Budget Plan	2002-03 Current Outlook
Surplus/ (Deficit)	-	-
Adjustments for:		
Non-cash Items Included in Surplus	(2,875)	(2,875)
Amortization of Tangible Capital Assets**	733	733
Acquisitions of Tangible Capital Assets**	(1,367)	(1,367)
Maturities of Debt	(11,725)	(11,738)
Early Redemptions of Debt	(1,200)	(1,200)
Canada Pension Plan Borrowing	688	358
Decrease / (Increase) in Cash and Cash Equivalents	3,000	3,000
Increase / (Decrease) in Short-Term Borrowing	-	-
Other Sources / (Uses) of Cash***	-	-
Long-Term Public Borrowing Requirement	12,746	13,089
Of which: Completed		9,629
Remaining		3,460

* Second-quarter results as at September 30, 2002. Long-Term Public Borrowing Completed is as at November 25, 2002.

** Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings, and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

*** Includes net repayment from, or loans to, agencies and an increase or decrease in deposits with the Province of Ontario Savings Office.

- In addition to the borrowing and redemptions shown in the table, the Province bought back \$517 million of previously issued debt, financing the purchases with similar amounts of debt issued at more favourable rates.

DEBT MANAGEMENT PROGRAM

- The OFA adheres to prudent risk management policies, using financial instruments such as options and swaps to hedge the Province's foreign exchange and interest rate risks. Such measures enable the OFA to mitigate risks in an uncertain market.
- The Province limits itself to having a maximum foreign exchange exposure of 5 per cent of debt. As of September 30, the Province's foreign exchange exposure was 1.6 per cent of debt.
- As of September 30, interest rate reset exposure was 12.2 per cent of outstanding debt. Interest rate reset exposure is the combination of net floating rate exposure (i.e., gross floating rate exposure less liquid reserves) and all fixed rate debt maturing within the next 12 months. The Province limits itself to having a maximum interest rate reset exposure of 25 per cent of debt.
- Debt maturities will remain significant during the next few years. As of September 30, the remaining amount of maturing debt for the Province and the Ontario Electricity Financial Corporation (OEFC) in 2002-03 is \$7.3 billion, while in 2003-04, maturities total \$13.5 billion.
- In managing these maturities, the OFA will maintain a flexible financing approach and monitor domestic and international bond markets continuously, seeking out the most cost-effective borrowing opportunities.
- The OFA will also continue to aim for a balanced maturity profile and take advantage of cost-effective opportunities to schedule maturities into years that currently have lower levels of maturing debt.

ONTARIO ELECTRICITY FINANCIAL CORPORATION (OEFC)

OEFC is the agency of the Province responsible for the servicing and management of the former Ontario Hydro's debt, derivative contracts and certain other liabilities. OEFC's debt is guaranteed by the Province. As OEFC does not have its own credit rating, the Province borrows on its behalf. In return, OEFC issues debt to the Province.

- OEFC's debt maturities for 2002-03 are \$2.7 billion.
- On November 25, 2002, the government introduced the *Electricity Pricing, Conservation and Supply Act, 2002*, which will protect consumers by lowering and freezing the price of electricity at 4.3 cents per kilowatt hour for families, small businesses and farmers. The Bill, if passed by the Legislature, would also provide refunds of the difference between what these consumers paid since May, and what they would have paid at a frozen price of 4.3 cents per kilowatt hour. It will also cap, at current levels, the price that consumers pay for the delivery of electricity, and review all other charges on consumers' electricity bills.
- OEFC would play a supporting role in the government's plan by ensuring that consumers would pay the frozen price of 4.3 cents per kilowatt hour.

OPPORTUNITY BONDS AND THE ONTARIO MUNICIPAL ECONOMIC INFRASTRUCTURE FINANCING

AUTHORITY

- The Ontario Government has announced two initiatives that would provide municipalities with new support for investment in local priority infrastructure projects. These new initiatives are Opportunity Bonds and the Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA).
- The government's objective is to subsidize 50 per cent of the interest costs of any funds borrowed by municipalities through OMEIFA. To demonstrate its commitment and to ensure that OMEIFA is able to start funding projects immediately, the government will be providing a \$1 billion capital injection. The Ontario Clean Water Agency would provide an additional \$120 million for water and sewer projects.
- Opportunity Bonds are tax-exempt bonds that would be issued by OMEIFA to raise financing for municipal infrastructure. Interest payments would be tax-exempt for investors that purchase the bonds. This exemption should encourage investors to accept a lower interest rate than for taxable bonds. In turn, OMEIFA would provide lower interest rate loans to municipalities, reducing their financing costs and allowing them to invest more in infrastructure without increasing the local tax burden.
- By creating OMEIFA, the government would ensure that the benefits of Opportunity Bonds would be shared by all municipalities. This would allow lower interest rates and reduced transaction costs to flow to all municipalities, including those that do not have ready access to the capital markets.
- The City of Toronto recently had its credit rating upgraded by Moody's Investors Service to Aa1 from Aa2. In addition, North Bay had its credit rating upgraded by two notches to A2 from Ba1. In providing these upgrades, Moody's cited OMEIFA as one of the contributing factors.
- Opportunity Bonds and the creation of OMEIFA would complement existing provincial programs provided through the Ontario SuperBuild Corporation and the Northern Ontario Heritage Fund Corporation.
- The government undertook extensive consultations with municipalities, the private sector and other stakeholders on how to design and implement an Opportunity Bond program that would meet the infrastructure financing needs of municipalities.

Conclusion

As reported in Second Quarter Ontario Finances, Ontario remains on track to achieve a fourth consecutive balanced budget in 2002-03—the first time in nearly 100 years.

The government also remains firmly committed to balancing the budget on an ongoing basis and to ensuring good value for taxpayers' dollars. The government's fiscal and economic policies have restored the Province to a sound financial footing and have created a solid foundation for economic growth over the medium and longer term.

2002 Ontario Economic Outlook and Fiscal Review

LIST OF FINANCIAL TABLES AND GRAPHS

Financial Tables

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Schedule of Net Investment in Capital Assets	C5
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Graphs

The Budget Dollar: Revenue 2002-03

The Budget Dollar: Total Expenditure 2002-03

The Budget Dollar: Program Expenditure 2002-03

Revenue Sources by Category, Per Cent of Total 1998-99 to 2002-03

Operating Expenditure by Category, Per Cent of Total 1998-99 to 2002-03

Program Expenditure by Category, Per Cent of Total 1998-99 to 2002-03

Gross Capital Expenditure by Category, Per Cent of Total 1998-99 to 2002-03

2002-03 Operating Expenditure by Category

2002-03 Gross Capital Expenditure by Category

2002 Ontario Economic Outlook and Fiscal Review

**Statement of Financial Transactions
(\$ Millions)**

Table C1

	Actual 1998-99	Actual 1999-00	Actual 2000-01	Actual 2001-02	Outlook* 2002-03
Revenue	55,786	62,931	63,824	63,886	66,611
Expenditure					
Programs	46,557	47,525	50,401	52,523	54,494
Gross Capital Expenditure	2,215	4,887	2,123	1,890	2,715
Less: Net Investment in Capital Assets**	-	-	-	-	634
Public Debt Interest					
Provincial	9,016	8,977	8,896	8,509	8,505
Electricity Sector	-	520	520	520	520
Total Expenditure	57,788	61,909	61,940	63,442	65,600
Less: Reserve	-	-	-	-	1,000
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers***	-	(354)	18	(69)	(11)
Surplus / (Deficit) after Provisional Adjustment for CCRA Error; and Accounting Changes†	(2,002)	668	1,902	375	0
Net Provincial Debt after Provisional Adjustment for CCRA Error; and Accounting Changes‡	114,737	113,715	112,480	112,036	112,025
Accounting Changes (included in Net Provincial Debt above)					
Provisional Adjustment for CCRA Error			(2,043)		
Retirement Benefits			197		
Net Impact of Accounting Changes			(1,846)	(1,846)	(1,846)
Net Provincial Debt - Before Provisional Adjustment for CCRA Error; and Accounting Changes	114,737	113,715	110,634	110,190	110,179

* Second-quarter outlook as at September 30.

** Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

*** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

† Includes provisional adjustment for Canada Customs and Revenue Agency error; retirement benefits accounting policy change in accordance with new Public Sector Accounting Board recommendations; and adjustment to decrease in stranded debt from electricity sector restructuring to be recovered from ratepayers.

‡ The definition of Net Provincial Debt for 2002-03 has been adjusted to include the Net Investment in Capital Assets. For all other years, Net Provincial Debt represents total liabilities less financial assets.

C: Ontario's Fiscal Plan

**Revenue
(\$ Millions)**

Table C2

	Actual 1998-99	Actual 1999-00	Actual 2000-01	Actual 2001-02	Outlook 2002-03
Taxation Revenue					
Personal Income Tax	17,190	17,617	17,911	19,097	19,085
Retail Sales Tax	11,651	12,879	13,735	13,803	14,230
Corporations Tax	7,447	8,095	9,200	6,646	6,150
Employer Health Tax	2,882	3,118	3,424	3,502	3,695
Gasoline Tax	2,068	2,154	2,172	2,192	2,295
Fuel Tax	592	665	648	659	665
Tobacco Tax	447	481	504	703	1,225
Land Transfer Tax	470	565	642	665	775
Other Taxation	330	307	333	371	225
	43,077	45,881	48,569	47,638	48,345
Government of Canada					
Canada Health and Social Transfer (CHST)	3,553	4,722	4,895	6,211	6,808
Social Housing	358	466	541	524	530
Student Assistance	64	170	40	31	64
Medical Equipment Trust	-	-	190	190	-
Indian Welfare Services	155	85	131	123	127
Young Offenders Act	57	58	1	118	61
Bilingualism Development	55	65	64	61	64
Employability Assistance for People with Disabilities	71	65	63	72	33
Infrastructure	71	19	2	-	225
Other	131	235	202	424	333
	4,515	5,885	6,129	7,754	8,245
Income from Government Enterprises					
Ontario Lottery and Gaming Corporation	1,764	1,924	2,181	2,255	2,300
Liquor Control Board of Ontario	809	845	877	904	954
Ontario Power Generation Inc. and Hydro One Inc.	-	903	783	179	480
Other	(26)	36	14	7	9
	2,547	3,708	3,855	3,345	3,743
Other Revenue					
Vehicle and Driver Registration Fees	890	911	929	941	963
Other Fees and Licences	661	667	660	627	692
Liquor Licence Revenue	519	539	525	530	515
Royalties	289	345	235	224	237
Sales and Rentals	640	2,133	637	344	2,424
Independent Electricity Market Operation Revenues	-	314	344	384	181
Local Services Realignment—Reimbursement of Expenditure	2,109	1,678	1,407	1,116	751
Miscellaneous	539	870	534	983	515
	5,647	7,457	5,271	5,149	6,278
Total Revenue	55,786	62,931	63,824	63,886	66,611

2002 Ontario Economic Outlook and Fiscal Review

Table C3

Operating Expenditure (\$ Millions)	Actual 1998-99	Actual 1999-00	Actual 2000-01	Actual 2001-02	Outlook 2002-03
Ministry					
Agriculture and Food*	309	347	401	456	645
One-Time and Extraordinary Costs	-	-	233	319	-
Attorney General	753	846	957	983	973
Board of Internal Economy	117	154	116	124	117
Citizenship	82	95	77	71	70
Community, Family and Children's Services	7,659	7,512	7,620	7,742	7,814
Consumer and Business Services	136	134	155	172	171
Culture	192	214	236	279	277
Education	7,719	7,704	7,961	8,354	8,746
Phase-in Funding	-	268	-	-	-
Teachers' Pension Plan (TPP)	67	(363)	(402)	42	149
Energy	22	329	344	367	140
Enterprise, Opportunity and Innovation	148	192	201	222	264
Environment	162	174	190	265	244
Executive Offices	17	19	21	19	21
Finance - Own Account*	998	548	842	902	802
Public Debt Interest					
Provincial	9,016	8,977	8,896	8,509	8,505
Electricity Sector	-	520	520	520	520
Community Reinvestment Fund	678	521	561	557	582
Provision for Electricity Sector	-	383	263	-	-
Health and Long-Term Care	18,867	20,373	22,184	23,713	25,452
Health Care Restructuring	50	-	-	-	-
Major One-Time Health Care Costs	639	286	487	190	-
Intergovernmental Affairs	4	4	4	4	4
Labour	108	101	104	110	114
Management Board Secretariat	353	147	145	263	230
Retirement Benefits	(219)	(165)	(33)	63	(42)
Contingency Fund	-	-	-	-	832
OPS Employee Severance (Net)	-	88	-	(17)	-
Special Circumstances Fund	180	-	-	-	-
Municipal Affairs and Housing*	1,611	1,665	1,792	1,135	701
Native Affairs Secretariat	12	15	16	13	15
Natural Resources	531	460	417	438	437
Northern Development and Mines	54	67	69	75	77
Office of Francophone Affairs	3	3	4	5	3
Public Safety and Security	1,296	1,379	1,500	1,601	1,532
Tourism and Recreation	94	153	124	144	131
Training, Colleges and Universities	3,281	3,285	3,219	3,248	3,521
Transportation	634	587	593	664	772
Year-End Savings	-	-	-	-	(300)
Total Operating Expenditure	55,573	57,022	59,817	61,552	63,519

* Preliminary allocations and historical restatements pending finalization of new ministry structures. All other ministries reflect recently announced government structure.

C: Ontario's Fiscal Plan

**Gross Capital Expenditure
(\$ Millions)**

Table C4

Ministry	Actual 1998-99	Actual 1999-00	Actual 2000-01	Actual 2001-02	Outlook 2002-03
Agriculture and Food*	1	1	1	29	197
Attorney General	73	62	42	46	53
Community, Family and Children's Services	27	20	14	31	32
Consumer and Business Services	-	-	-	-	1
Culture	-	72	18	14	10
Education	229	52	4	17	10
Energy	-	156	86	50	69
Enterprise, Opportunity and Innovation	273	500	-	19	47
Environment	19	1	5	19	16
Water Protection Fund	15	160	17	1	3
Finance - Own Account*	4	7	7	11	24
SuperBuild Millennium Partnerships	-	-	4	-	102
Contingency Fund	-	-	-	-	92
Health and Long-Term Care	187	338	182	205	342
Major One-Time Capital Costs	-	1,004	140	-	-
Management Board Secretariat	39	13	24	28	46
Municipal Affairs and Housing*	62	(10)	-	12	7
Native Affairs Secretariat	13	7	5	3	6
Natural Resources	73	96	65	70	80
Northern Development and Mines	205	267	356	371	393
Public Safety and Security	30	124	99	88	92
Tourism and Recreation	2	159	14	9	125
Training, Colleges and Universities	71	1,028	204	49	67
Transportation	892	830	836	818	1,001
Year-End Savings	-	-	-	-	(100)
Total Gross Capital Expenditure**	2,215	4,887	2,123	1,890	2,715
Less: Net Investment in Capital Assets***	-	-	-	-	634
Net Capital Expenditure	2,215	4,887	2,123	1,890	2,081

* Preliminary allocations and historical restatements pending finalization of new ministry structures. All other ministries reflect recently announced government structure.

** Gross Capital Expenditure includes the following: i) acquisition or construction of major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) and other tangible capital assets; ii) repairs and maintenance; and iii) transfers for capital purposes. Total gross capital expenditure includes \$225 million in federal flow-through funds. Gross capital investment excluding flow-through of federal funds is \$2.5 billion.

*** Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

2002 Ontario Economic Outlook and Fiscal Review

Schedule of Net Investment in Capital Assets (\$ Millions)

Table C5

	Outlook 2002-03
Acquisition/Construction of Major Tangible Capital Assets	1,367
Amortization of Provincially Owned Major Tangible Capital Assets	(733)
Net Investment in Capital Assets*	634

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

C: Ontario's Fiscal Plan

Transfers for Capital Purposes (Included in Gross Capital Expenditure) (\$ Millions)

Table C6

Ministry	Outlook 2002-03
Agriculture and Food*	197
Community, Family and Children's Services	32
Culture	6
Enterprise, Opportunity and Innovation	47
Environment	6
Water Protection Fund	3
Finance—Own Account*	-
SuperBuild Millennium Partnerships	102
Health and Long-Term Care	303
Municipal Affairs and Housing*	4
Native Affairs Secretariat	6
Northern Development and Mines	100
Tourism and Recreation	117
Training, Colleges and Universities	65
Transportation	108
Total Transfers for Capital Purposes	1,096

* Preliminary allocations pending finalization of new ministry structures.

2002 Ontario Economic Outlook and Fiscal Review

Ten-Year Review of Selected Financial and Economic Statistics (\$ Millions)

	1993-94	1994-95	1995-96
Financial Transactions			
Revenue	43,674	46,039	49,473
Expenditure			
Programs	44,195	44,505	46,163
Gross Capital Expenditure	3,552	3,831	3,635
Less: Net Investment in Capital Assets*	-	-	-
Public Debt Interest			
Provincial	7,129	7,832	8,475
Electricity Sector	-	-	-
Total Expenditure	54,876	56,168	58,273
Less: Reserve	-	-	-
Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers**	-	-	-
Surplus / (Deficit) after Provisional Adjustment for CCRA Error; and Accounting Changes***	(11,202)	(10,129)	(8,800)
Net Provincial Debt after Provisional Adjustment for CCRA Error; and Accounting Changes†	80,599	90,728	101,864
Accounting Changes (included in Net Provincial Debt above)			
Provisional Adjustment for CCRA Error			
Retirement Benefits			
Net Impact of Accounting Changes			
Net Provincial Debt - Before Provisional Adjustment for CCRA Error; and Accounting Changes	80,599	90,728	101,864
Gross Domestic Product (GDP) at Market Prices	293,405	311,096	329,317
Personal Income	256,091	260,671	271,397
Population—July (000s)	10,690	10,828	10,965
Net Provincial Debt per Capita (dollars)	7,540	8,379	9,290
Personal Income per Capita (dollars)	23,956	24,074	24,751
Total Expenditure as a per cent of GDP	18.7	18.1	17.7
Public Debt Interest as a per cent of Revenue	16.3	17.0	17.1
Net Provincial Debt as a per cent of GDP	27.5	29.2	30.9

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

*** Includes provisional adjustment for Canada Customs and Revenue Agency error; retirement benefits accounting policy change in accordance with new Public Sector Accounting Board recommendations; and adjustment to decrease in stranded debt from electricity sector restructuring to be recovered from ratepayers.

† The definition of Net Provincial Debt for 2002-03 has been adjusted to include the Net Investment in Capital Assets. For all other years, Net Provincial Debt represents total liabilities less financial assets.

‡ Second-quarter outlook as at September 30.

Sources: Ontario Ministry of Finance and Statistics Canada.

C: Ontario's Fiscal Plan

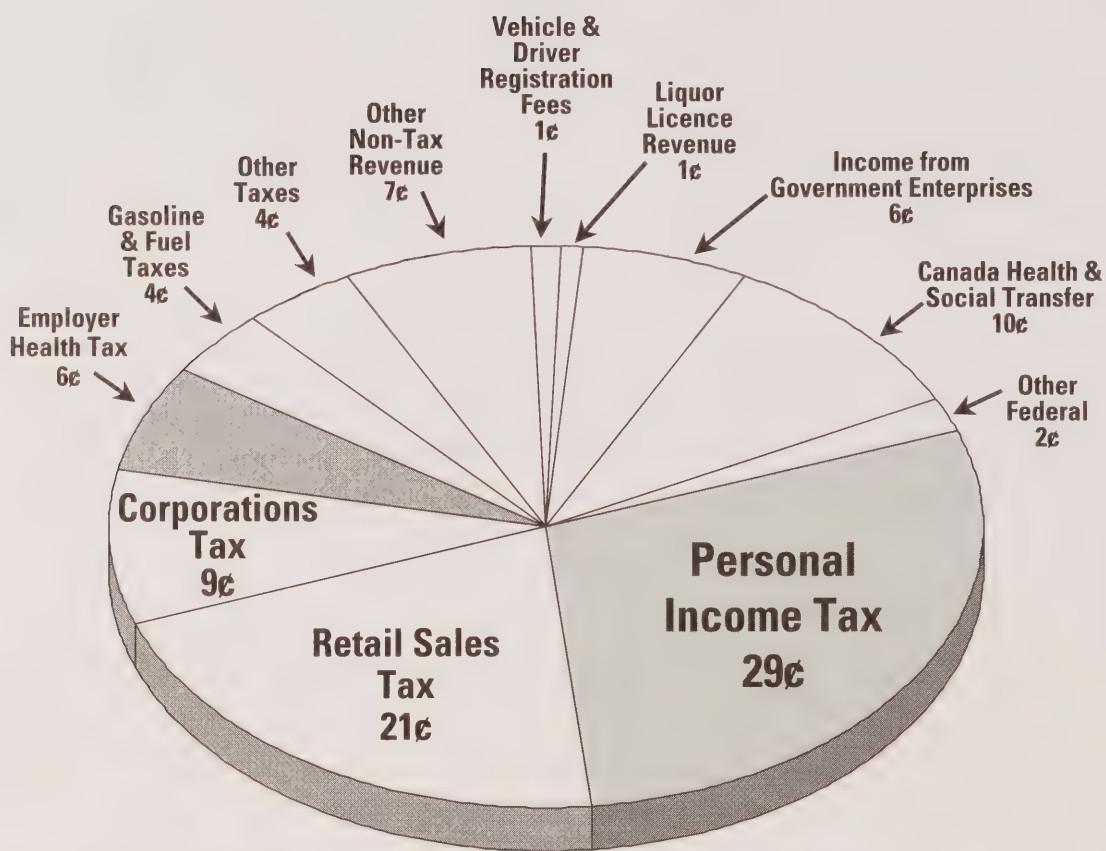
Table C7

1996-97	1997-98	1998-99	1999-00	2000-01	Actual 2001-02	Outlook‡ 2002-03
49,450	52,518	55,786	62,931	63,824	63,886	66,611
45,136	45,304	46,557	47,525	50,401	52,523	54,494
2,612	2,451	2,215	4,887	2,123	1,890	2,715
-	-	-	-	-	-	634
8,607	8,729	9,016	8,977	8,896	8,509	8,505
-	-	-	520	520	520	520
56,355	56,484	57,788	61,909	61,940	63,442	65,600
-	-	-	-	-	-	1,000
-	-	-	(354)	18	(69)	(11)
(6,905)	(3,966)	(2,002)	668	1,902	375	0
108,769	112,735	114,737	113,715	112,480	112,036	112,025
			(2,043)			
			197			
				(1,846)	(1,846)	(1,846)
108,769	112,735	114,737	113,715	110,634	110,190	110,179
338,173	359,353	377,897	409,099	433,446	443,852	464,713
276,303	289,537	304,652	322,549	346,738	359,927	372,524
11,101	11,249	11,387	11,528	11,698	11,895	12,068
9,798	10,022	10,076	9,864	9,615	9,419	9,283
24,890	25,739	26,754	27,980	29,641	30,259	30,869
16.7	15.7	15.3	15.1	14.3	14.3	14.1
17.4	16.6	16.2	15.1	14.8	14.1	13.5
32.2	31.4	30.4	27.8	26.0	25.2	24.1

The Budget Dollar

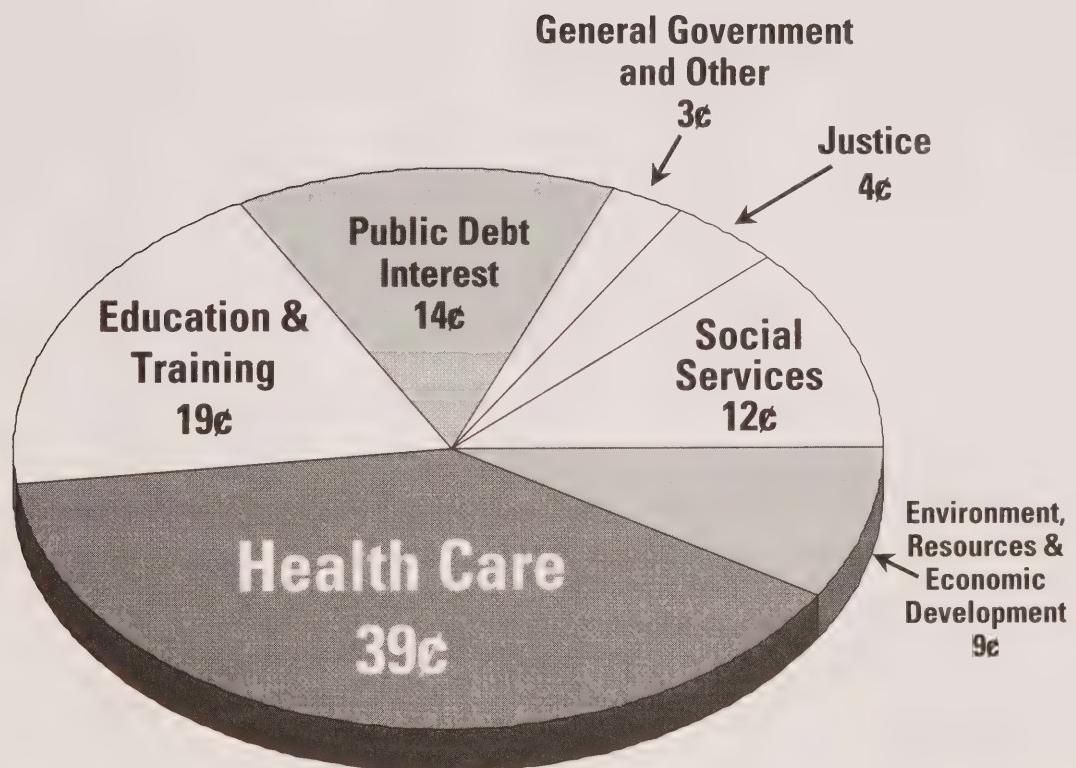
Revenue

2002-03*



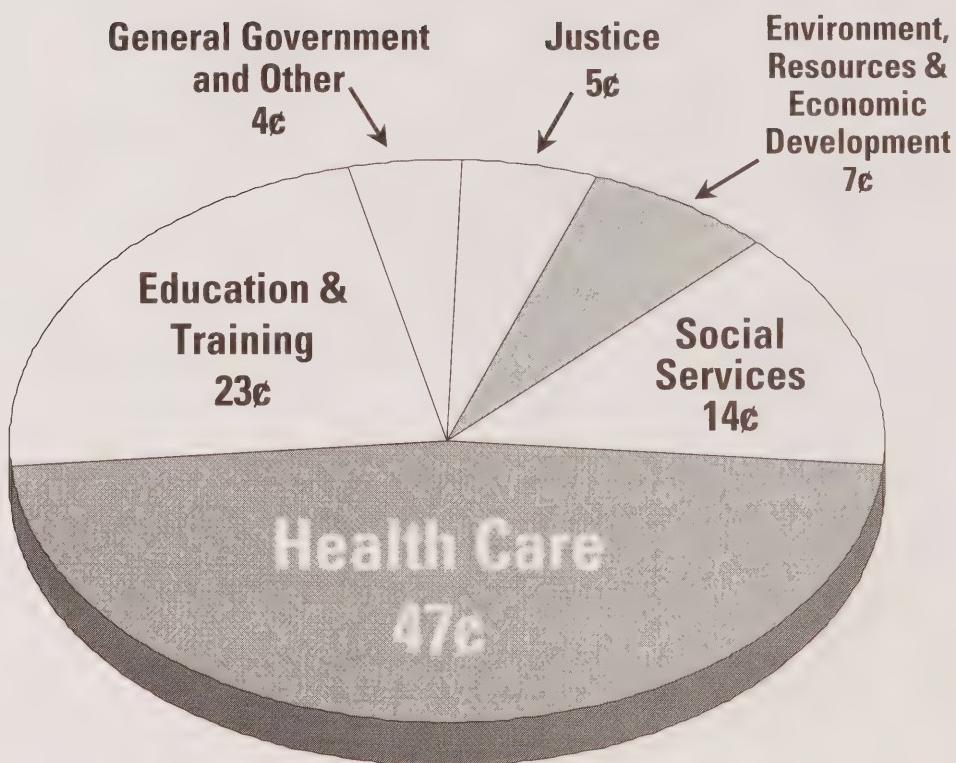
* As at September 30

The Budget Dollar Total Expenditure 2002-03*



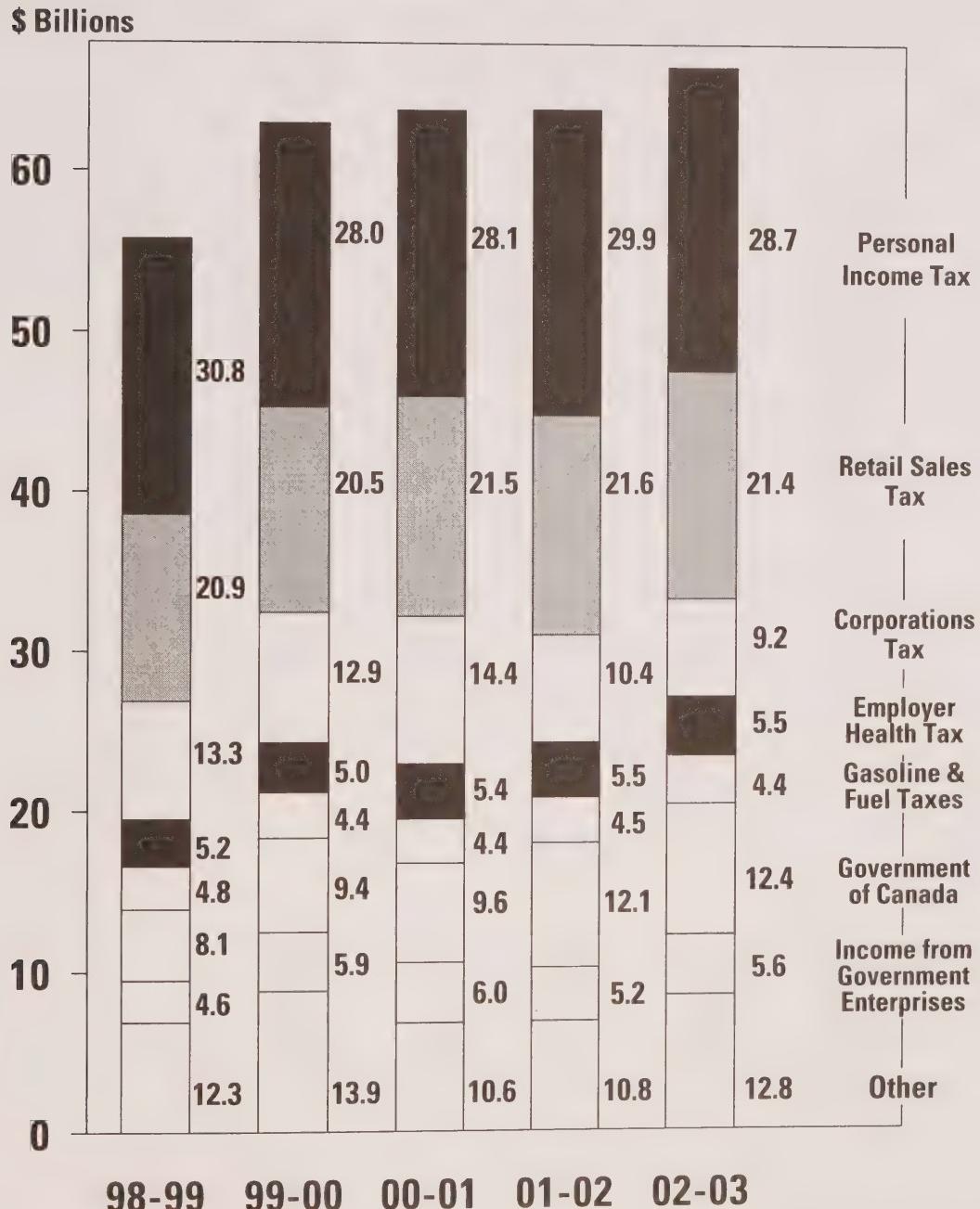
* As at September 30

The Budget Dollar Program Expenditure 2002-03*



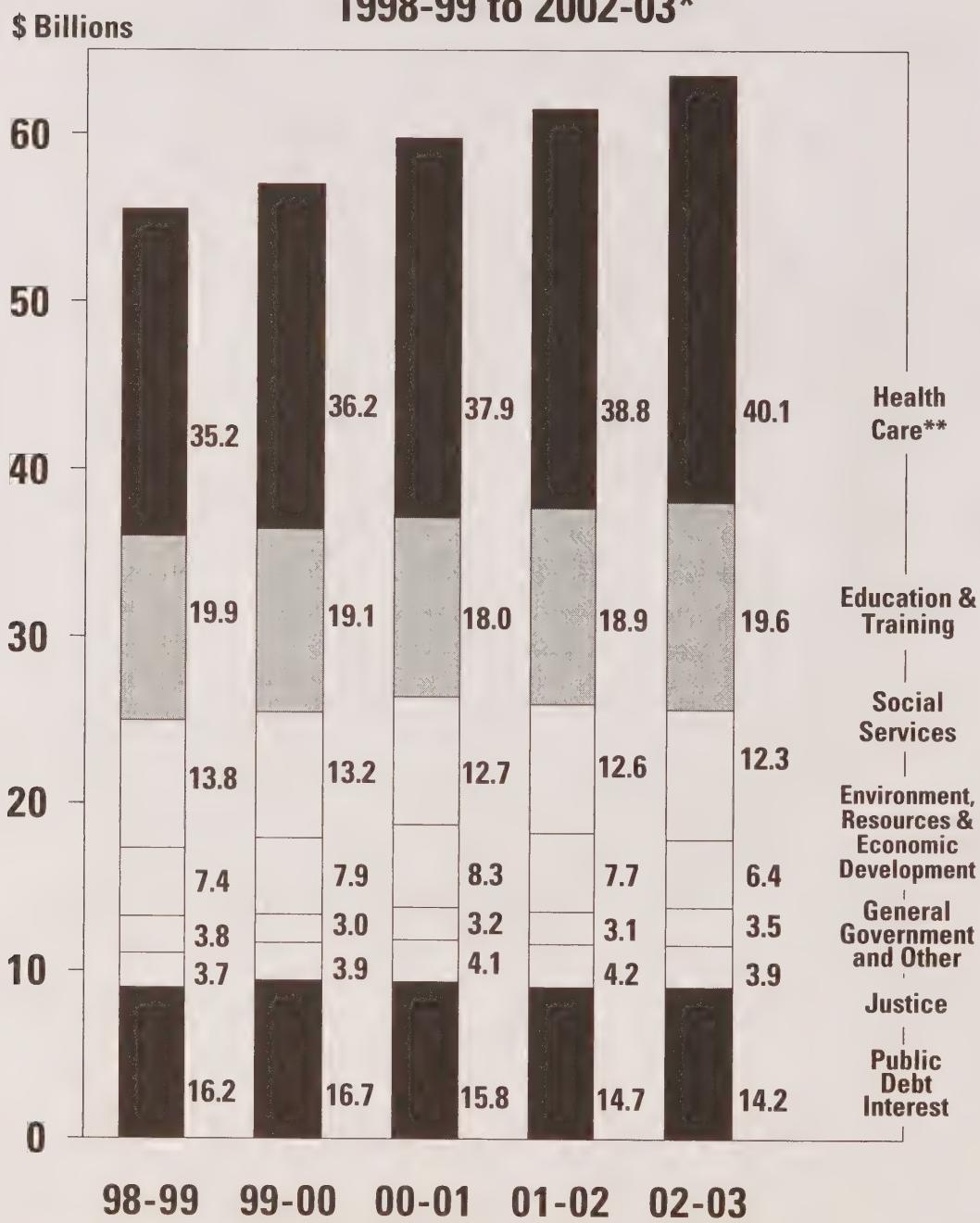
* As at September 30

Revenue Sources by Category Per Cent of Total 1998-99 to 2002-03*



* As at September 30

Operating Expenditure by Category Per Cent of Total 1998-99 to 2002-03*

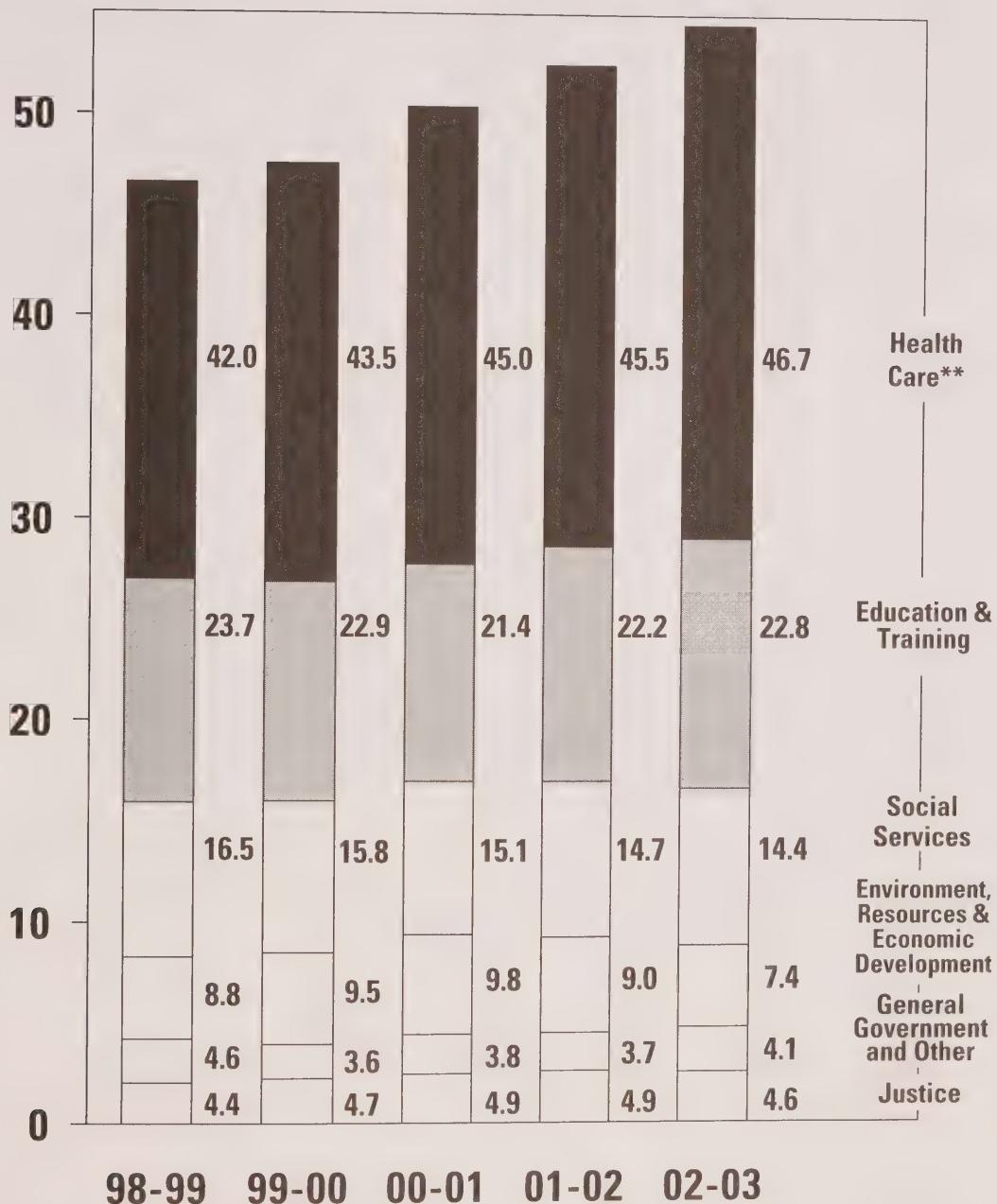


* As at September 30

** Includes Major One-Time Health Care Costs and Health Care Restructuring.

Program Expenditure by Category Per Cent of Total 1998-99 to 2002-03*

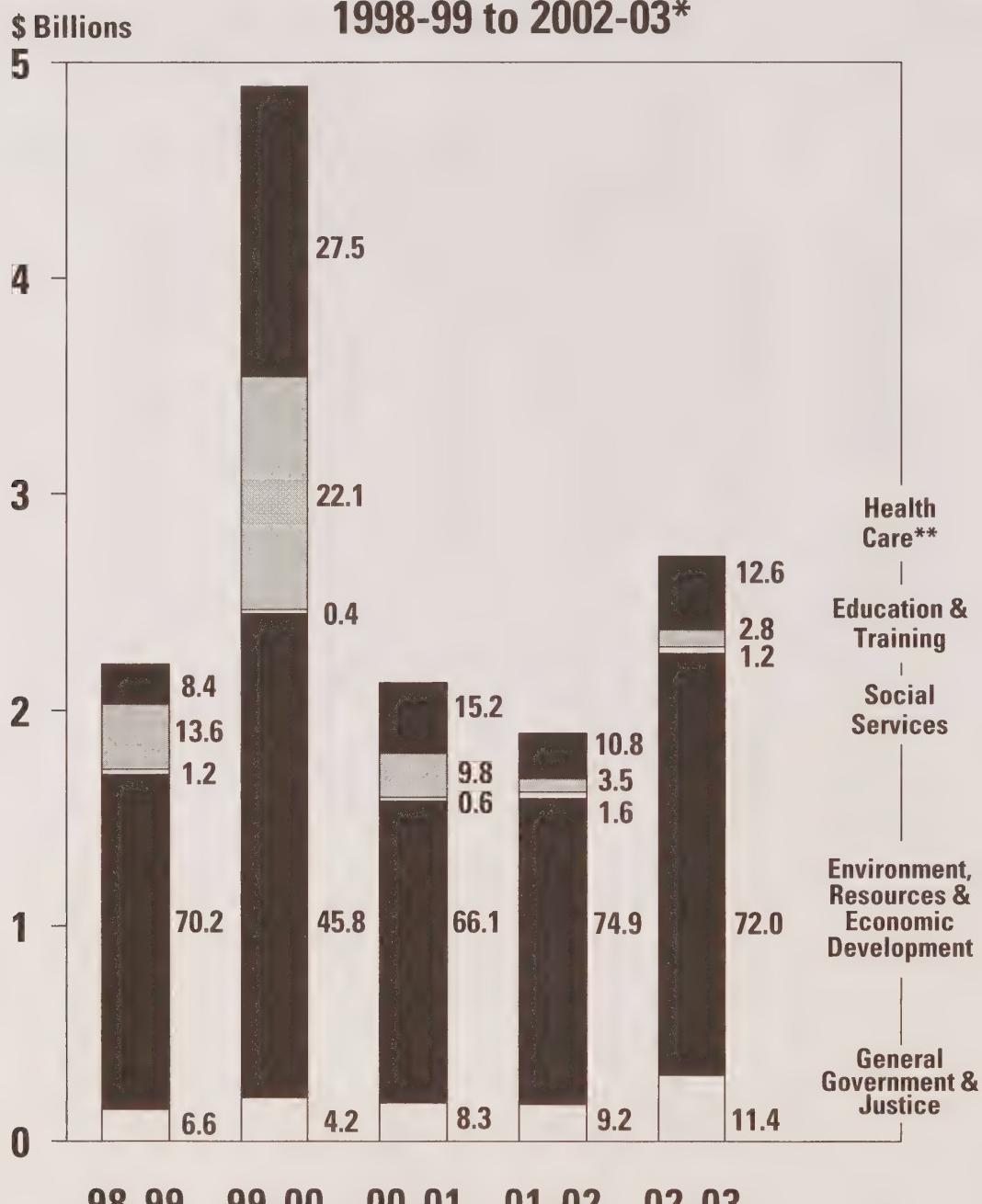
\$ Billions



* As at September 30

** Includes Major One-Time Health Care Costs and Health Care Restructuring.

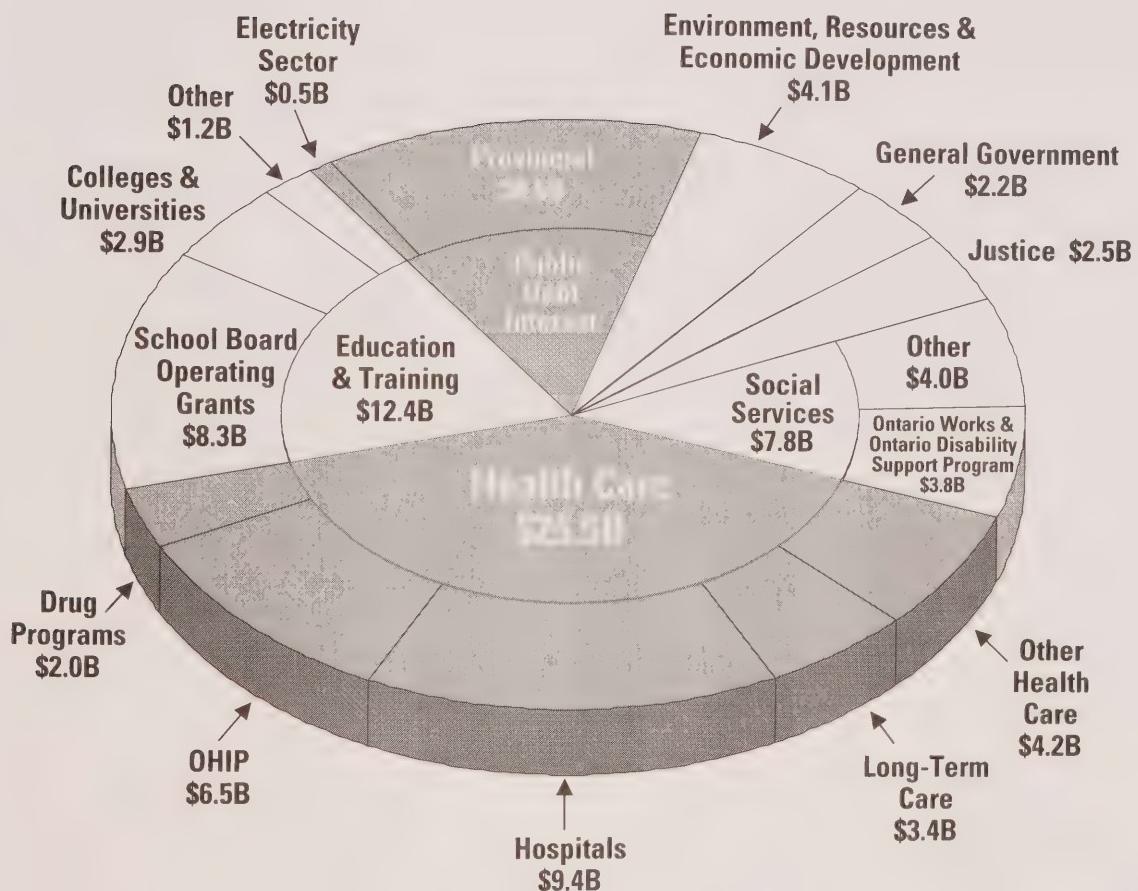
Gross Capital Expenditure by Category Per Cent of Total 1998-99 to 2002-03*



* As at September 30

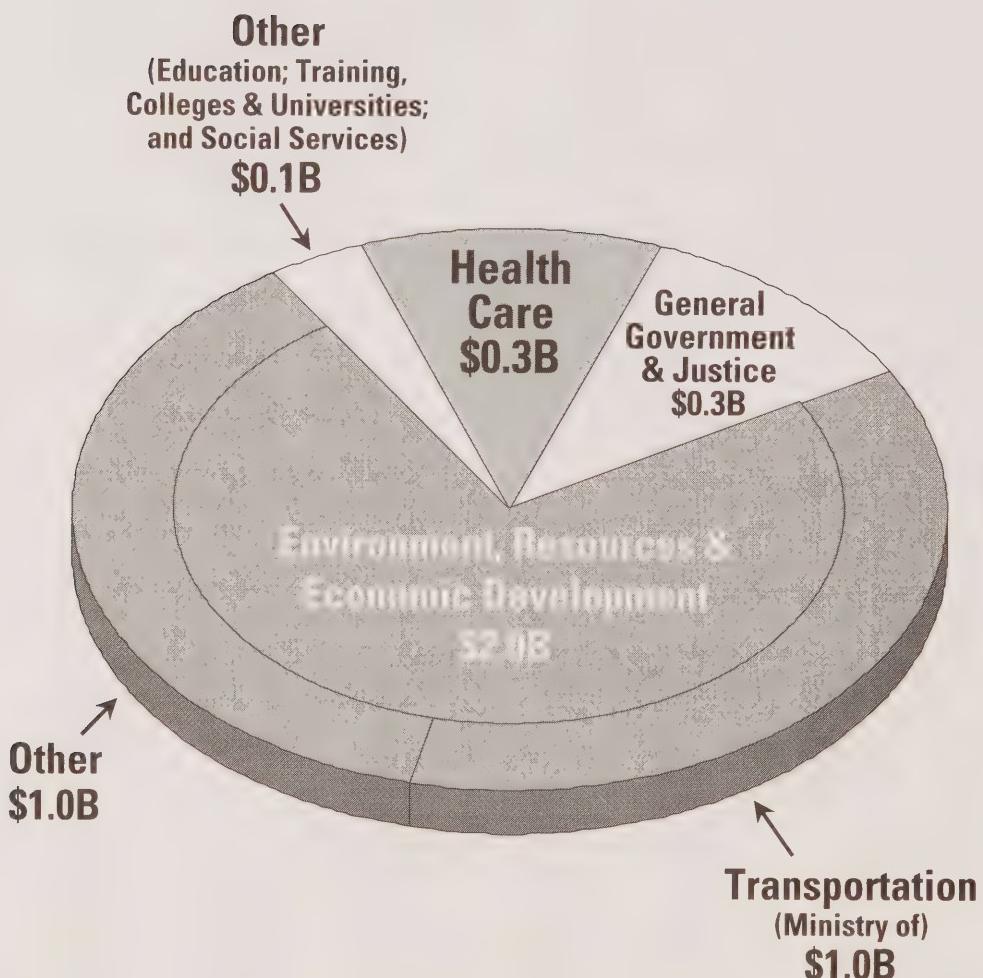
** Includes Major One-Time Health Care Capital Costs.

2002-03 Operating Expenditure by Category* (\$ Billions)



* As at September 30

2002-03 Gross Capital Expenditure by Category* (\$ Billions)



* As at September 30

Economic Data Tables

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ONTARIO ECONOMIC REGIONS

(Note: Data in the tables may not add to totals due to rounding.)

Economic Data Tables

Table 1

	Outlook for the Ontario Economy				
	(Annual Average Per Cent Change)				
	Actual		Private-Sector Average		
	2000	2001	2002p	2003p	2004p
Gross Domestic Product					
Real	4.6	1.5	3.5	3.5	3.9
Nominal	6.0	2.4	4.7	5.4	5.8
Other Economic Indicators					
Retail Sales	7.3	2.6	5.5	5.2	4.6
Housing Starts - Units (000s)	71.5	73.3	84.3	77.8	70.7
Personal Income	7.5	3.8	3.5	5.4	5.4
Pre-tax Corporate Profits	0.4	-15.6	4.7	4.6	10.2
Consumer Price Index (1992=100)	2.9	3.1	2.1	2.4	1.9
Labour Market					
Unemployment Rate (%)	5.7	6.3	7.1	6.7	6.4

p = private-sector projection.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Ontario Ministry of Finance and Ministry of Finance Survey of Private-Sector Forecasts (November 2002).

2002 Ontario Economic Outlook and Fiscal Review

Table 2

Ontario, Gross Domestic Product, 1988-2001

(\$ Billions)

	1988	1989	1990	1991	1992	1993	1994
Real GDP (chained \$1997)	312.0	322.5	316.9	304.5	307.2	310.2	328.5
Consumption	169.4	175.7	176.3	172.9	175.3	177.7	183.1
Government	62.9	65.6	69.1	72.3	72.6	72.1	72.9
Residential Construction	22.3	24.4	19.4	16.3	17.1	15.6	15.9
Non-residential Construction	13.5	14.4	13.1	12.5	10.9	8.8	7.8
Machinery and Equipment	19.8	20.4	19.5	18.0	18.5	17.7	20.2
Exports	158.0	164.3	164.3	159.4	165.5	179.4	198.1
Imports	138.8	145.8	143.2	142.2	149.8	158.7	169.4
Nominal Gross Domestic Product	256.4	278.8	282.8	283.1	286.5	293.4	311.1

Table 2 (continued)

(\$ Billions)

	1995	1996	1997	1998	1999	2000	2001
Real GDP (chained \$1997)	340.1	343.8	359.4	376.7	405.4	424.1	430.5
Consumption	186.6	190.9	200.1	207.1	217.0	226.6	231.7
Government	73.3	70.6	70.5	72.0	74.8	77.1	80.3
Residential Construction	13.7	15.0	17.2	16.8	19.2	20.2	20.7
Non-residential Construction	7.5	9.2	10.0	10.2	11.1	10.6	10.5
Machinery and Equipment	22.3	23.7	29.3	31.3	34.6	37.1	36.0
Exports	213.8	225.6	242.6	260.4	288.5	306.3	296.0
Imports	180.5	189.4	213.3	223.3	241.2	257.3	243.7
Nominal Gross Domestic Product	329.3	338.2	359.4	377.9	409.1	433.4	443.9

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 3

Ontario, Growth in Gross Domestic Product, 1988-2001

	(Per Cent Change)						
	1988	1989	1990	1991	1992	1993	1994
Real GDP (chained \$1997)	5.4	3.4	-1.7	-3.9	0.9	1.0	5.9
Consumption	5.3	3.7	0.3	-1.9	1.4	1.3	3.1
Government	5.6	4.2	5.3	4.5	0.4	-0.7	1.1
Residential Construction	1.9	9.1	-20.2	-15.9	4.5	-8.7	2.0
Non-residential Construction	8.8	6.6	-9.0	-4.9	-12.9	-18.7	-12.2
Machinery and Equipment	16.1	3.1	-4.8	-7.2	2.4	-4.4	14.6
Exports	7.8	3.9	0.0	-3.0	3.9	8.4	10.4
Imports	12.9	5.0	-1.8	-0.7	5.3	5.9	6.8
Nominal Gross Domestic Product	11.1	8.7	1.5	0.1	1.2	2.4	6.0

Table 3 (continued)

	(Per Cent Change)						
	1995	1996	1997	1998	1999	2000	2001
Real GDP (chained \$1997)	3.5	1.1	4.5	4.8	7.6	4.6	1.5
Consumption	1.9	2.3	4.8	3.5	4.8	4.4	2.3
Government	0.7	-3.7	-0.1	2.0	3.9	3.1	4.1
Residential Construction	-14.0	9.6	14.5	-1.8	14.0	5.3	2.4
Non-residential Construction	-2.7	21.5	9.2	1.6	9.3	-4.2	-1.1
Machinery and Equipment	9.9	6.7	23.3	6.8	10.7	7.3	-3.1
Exports	7.9	5.6	7.5	7.3	10.8	6.1	-3.3
Imports	6.6	4.9	12.6	4.7	8.0	6.7	-5.3
Nominal Gross Domestic Product	5.9	2.7	6.3	5.2	8.3	6.0	2.4

Sources: Statistics Canada and Ontario Ministry of Finance.

2002 Ontario Economic Outlook and Fiscal Review

Table 4

Ontario, Selected Economic Indicators, 1988-2001

	1988	1989	1990	1991	1992	1993	1994
Retail Sales* (\$ Billions)	69.8	72.6	72.6	67.3	68.9	71.7	76.9
Housing Starts - Units (000s)	99.9	93.3	62.6	52.8	55.8	45.1	46.6
Personal Income (\$ Billions)	208.8	229.0	241.7	247.7	253.8	256.1	260.7
Pre-tax Corporate Profits (\$ Billions)	29.4	27.4	19.8	14.6	14.5	17.9	27.9
Consumer Price Index (1992 = 100)	85.3	90.2	94.6	99.0	100.0	101.8	101.8
Labour Force (000s)	5,354	5,470	5,533	5,544	5,542	5,581	5,574
Employment (000s)	5,083	5,193	5,191	5,016	4,949	4,974	5,039
Unemployment Rate (%)	5.1	5.1	6.2	9.5	10.7	10.9	9.6

Table 4 (continued)

	1995	1996	1997	1998	1999	2000	2001
Retail Sales* (\$ Billions)	79.6	80.2	86.4	92.4	99.2	106.4	109.2
Housing Starts - Units (000s)	35.8	43.1	54.1	53.8	67.2	71.5	73.3
Personal Income (\$ Billions)	271.4	276.3	289.5	304.7	322.5	346.7	359.9
Pre-tax Corporate Profits (\$ Billions)	33.1	34.2	37.5	39.5	49.2	49.4	41.7
Consumer Price Index (1992 = 100)	104.3	105.9	107.9	108.9	111.0	114.2	117.7
Labour Force (000s)	5,620	5,695	5,801	5,914	6,071	6,228	6,364
Employment (000s)	5,131	5,181	5,313	5,490	5,688	5,872	5,963
Unemployment Rate (%)	8.7	9.0	8.4	7.2	6.3	5.7	6.3

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

Economic Data Tables

Table 5

Ontario, Economic Indicators, Annual Change, 1988-2001

	(Per Cent Change)						
	1988	1989	1990	1991	1992	1993	1994
Retail Sales*	7.8	4.0	0.0	-7.2	2.3	4.1	7.2
Housing Starts	-5.0	-6.6	-32.9	-15.7	5.6	-19.1	3.3
Personal Income	11.3	9.7	5.5	2.5	2.5	0.9	1.8
Pre-tax Corporate Profits	14.7	-6.7	-27.8	-26.0	-0.8	23.1	55.8
Consumer Price Index	4.8	5.7	4.9	4.7	1.0	1.8	0.0
Labour Force	2.8	2.2	1.2	0.2	0.0	0.7	-0.1
Employment	3.9	2.2	0.0	-3.4	-1.3	0.5	1.3

Table 5 (continued)

	(Per Cent Change)						
	1995	1996	1997	1998	1999	2000	2001
Retail Sales*	3.6	0.7	7.8	6.9	7.3	7.3	2.6
Housing Starts	-23.2	20.2	25.6	-0.4	24.9	6.4	2.5
Personal Income	4.1	1.8	4.8	5.2	5.9	7.5	3.8
Pre-tax Corporate Profits	18.7	3.3	9.9	5.2	24.7	0.4	-15.6
Consumer Price Index	2.5	1.5	1.9	0.9	1.9	2.9	3.1
Labour Force	0.8	1.3	1.9	1.9	2.6	2.6	2.2
Employment	1.8	1.0	2.6	3.3	3.6	3.2	1.5

* Retail sales include Federal Sales Taxes up to 1990 but exclude GST after 1990.

Sources: Statistics Canada, Ontario Ministry of Finance and Canada Mortgage and Housing Corporation.

2002 Ontario Economic Outlook and Fiscal Review

Table 6

Ontario, Real Gross Domestic Product by Industry, 1998-2001

	(\$ Millions)			
	1998	1999	2000	2001
Goods Producing Industries (\$1997)	109,382	117,676	122,260	118,019
Primary Industries	7,196	7,762	7,632	7,244
Utilities	9,722	9,858	10,262	10,187
Construction	15,604	17,683	18,485	19,490
Manufacturing ¹	76,860	82,374	85,881	81,098
Services Producing Industries	238,050	256,090	269,393	278,452
Wholesale and Retail Trade	39,994	44,193	47,084	47,938
Transportation and Warehousing	14,319	15,341	16,035	15,700
Information and Cultural (incl. Telecommunications)	12,133	14,716	16,712	18,429
Finance, Insurance, Real Estate, Rental and Leasing	74,129	78,873	82,450	85,489
Professional, Scientific and Technical Services	15,677	18,060	20,085	21,561
Administrative and Other Support Services	7,861	8,566	9,137	9,465
Educational Services	17,179	17,503	17,430	17,489
Health Care and Social Assistance	19,889	20,617	21,076	21,712
Arts, Entertainment and Recreation	3,140	3,373	3,599	3,638
Accommodation and Food Services	7,575	8,079	8,287	8,492
Other Services (excl. Public Administration)	7,711	8,184	8,339	8,587
Public Administration	18,442	18,584	19,159	19,952
Total Production (\$1997) at Basic Prices	347,432	373,766	391,653	396,471

Note:

1. See Table 8 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 7

Ontario, Growth in Real Gross Domestic Product by Industry, 1998-2001

	(Per Cent Change)			
	1998	1999	2000	2001
Goods Producing Industries (\$1997)	5.1	7.6	3.9	-3.5
Primary Industries	4.9	7.9	-1.7	-5.1
Utilities	-3.0	1.4	4.1	-0.7
Construction	0.5	13.3	4.5	5.4
Manufacturing ¹	7.3	7.2	4.3	-5.6
Services Producing Industries	4.7	7.6	5.2	3.4
Wholesale and Retail Trade	10.0	10.5	6.5	1.8
Transportation and Warehousing	1.7	7.1	4.5	-2.1
Information and Cultural (incl. Telecommunications)	6.1	21.3	13.6	10.3
Finance, Insurance, Real Estate, Rental and Leasing	3.3	6.4	4.5	3.7
Professional, Scientific and Technical Services	12.7	15.2	11.2	7.4
Administrative and Other Support Services	7.7	9.0	6.7	3.6
Educational Services	1.5	1.9	-0.4	0.3
Health Care and Social Assistance	0.9	3.7	2.2	3.0
Arts, Entertainment and Recreation	-0.9	7.4	6.7	1.1
Accommodation and Food Services	8.2	6.7	2.6	2.5
Other Services (excl. Public Administration)	4.1	6.1	1.9	3.0
Public Administration	0.9	0.8	3.1	4.1
Total Production (\$1997) at Basic Prices	4.9	7.6	4.8	1.2

Note:

1. See Table 9 for detailed manufacturing industries.

Sources: Statistics Canada and Ontario Ministry of Finance.

2002 Ontario Economic Outlook and Fiscal Review

Table 8

**Ontario, Real Gross Domestic Product in
Selected Manufacturing Industries, 1998-2001**

	(\$ Millions)			
	1998	1999	2000	2001
Manufacturing (\$1997)	76,860	82,374	85,881	81,098
Food	6,990	6,818	7,016	7,518
Beverage and Tobacco	2,587	2,610	2,637	2,736
Clothing	935	857	851	809
Leather	164	139	101	87
Textile Products	870	798	779	702
Wood Products	1,636	1,575	1,688	1,683
Paper	3,323	3,367	3,352	3,159
Printing	2,235	2,215	2,233	2,259
Petroleum and Coal Products	626	651	647	655
Chemical Products	6,466	6,738	6,773	6,793
Plastic and Rubber Products	4,549	5,016	5,210	5,358
Non-metallic Mineral Products	2,161	2,124	2,202	2,158
Primary and Fabricated Metal	10,667	11,221	11,615	11,296
Machinery	5,715	5,502	5,483	5,017
Computer and Electronic Products	4,910	6,537	9,167	7,064
Electrical Equipment	2,320	2,343	2,682	2,328
Transportation Equipment	17,274	20,302	19,770	18,067
Of Which: Motor Vehicle, Body and Parts	14,824	17,843	17,723	16,178
Furniture and Related Products	2,259	2,329	2,709	2,534
Miscellaneous Manufacturing	1,174	1,232	969	873

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 9

**Ontario, Growth in Real Gross Domestic Product in
Selected Manufacturing Industries, 1998-2001**

	(Per Cent Change)			
	1998	1999	2000	2001
Manufacturing (\$1997)	7.3	7.2	4.3	-5.6
Food	9.1	-2.5	2.9	7.2
Beverage and Tobacco	6.0	0.9	1.0	3.8
Clothing	2.9	-8.3	-0.7	-5.0
Leather	4.3	-14.8	-27.8	-13.9
Textile Products	17.2	-8.2	-2.4	-9.8
Wood Products	9.1	-3.7	7.2	-0.3
Paper	-3.9	1.3	-0.4	-5.7
Printing	0.9	-0.9	0.8	1.2
Petroleum and Coal Products	5.1	4.1	-0.6	1.2
Chemical Products	5.4	4.2	0.5	0.3
Plastic and Rubber Products	4.8	10.3	3.9	2.9
Non-metallic Mineral Products	17.4	-1.7	3.7	-2.0
Primary and Fabricated Metal	6.8	5.2	3.5	-2.7
Machinery	7.1	-3.7	-0.4	-8.5
Computer and Electronic Products	12.0	33.1	40.2	-22.9
Electrical Equipment	2.1	1.0	14.5	-13.2
Transportation Equipment	7.7	17.5	-2.6	-8.6
Of Which: Motor Vehicle, Body and Parts	7.0	20.4	-0.7	-8.7
Furniture and Related Products	23.9	3.1	16.3	-6.5
Miscellaneous Manufacturing	9.8	5.0	-21.4	-9.9

Sources: Statistics Canada and Ontario Ministry of Finance.

2002 Ontario Economic Outlook and Fiscal Review

Table 10

Ontario, Housing Market Indicators, 1995-2001

	1995	1996	1997	1998	1999	2000	2001
Residential Construction							
Current \$ Millions*	13,279	14,549	17,154	17,227	20,136	21,831	23,070
	-13.5	9.6	17.9	0.4	16.9	8.4	5.7
New Construction*	5,933	6,489	8,257	8,351	10,560	11,514	12,319
	-20.1	9.4	27.2	1.1	26.5	9.0	7.0
Alterations and Improvements*	5,015	5,383	5,711	5,758	6,088	6,644	6,559
	-1.3	7.3	6.1	0.8	5.7	9.1	-1.3
Transfer Costs*	2,321	2,677	3,186	3,118	3,488	3,673	4,192
	-18.2	14.8	19.0	-2.1	11.9	5.3	14.1
Housing Starts (000s)*	35.8	43.1	54.1	53.8	67.2	71.5	73.3
	-23.2	20.2	25.6	-0.4	24.9	6.4	2.5
Home Resales (000s)*	105.0	137.9	140.6	138.5	148.7	147.2	162.3
	-8.9	31.4	1.9	-1.5	7.4	-1.0	10.3
Average Resale Home Price (\$)*	154,606	155,662	164,382	167,115	174,049	183,841	193,357
	-3.5	0.7	5.6	1.7	4.1	5.6	5.2

* Per cent change is shown on second line.

Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Canadian Real Estate Association and Ontario Ministry of Finance.

Economic Data Tables

Table 11

Selected Financial Indicators, 1988-2001

	(Per Cent)						
	1988	1989	1990	1991	1992	1993	1994
Interest Rates							
Bank Rate	9.7	12.3	13.1	9.0	6.8	5.1	5.8
Prime Rate	10.8	13.3	14.1	9.9	7.5	5.9	6.9
10-Year Government Bonds	9.8	9.8	10.8	9.4	8.1	7.2	8.4
Three-month T-Bills	9.5	12.1	12.8	8.7	6.6	4.8	5.5
Mortgage Rates							
5-Year Rate	11.6	12.1	13.4	11.1	9.5	8.8	9.5
1-Year Rate	10.8	12.9	13.4	10.1	7.9	6.9	7.8
Household Debt Burden*							
Consumer	20.1	20.6	21.3	21.1	21.0	21.0	22.3
Mortgage	46.6	49.2	53.3	55.8	59.2	62.2	65.3
Total	66.7	69.8	74.6	76.9	80.1	83.2	87.6

Table 11 (continued)

	(Per Cent)						
	1995	1996	1997	1998	1999	2000	2001
Interest Rates							
Bank Rate	7.1	4.5	3.5	5.1	4.9	5.8	4.3
Prime Rate	8.6	6.1	5.0	6.6	6.4	7.3	5.8
10-Year Government Bonds	8.1	7.2	6.1	5.3	5.6	5.9	5.5
Three-month T-Bills	6.9	4.2	3.3	4.7	4.7	5.5	3.8
Mortgage Rates							
5-Year Rate	9.2	7.9	7.1	6.9	7.6	8.4	7.4
1-Year Rate	8.4	6.2	5.5	6.5	6.8	7.9	6.1
Household Debt Burden*							
Consumer	23.1	24.3	25.9	27.5	28.1	29.7	30.3
Mortgage	65.4	67.1	68.5	69.0	68.7	67.4	67.3
Total	88.5	91.5	94.4	96.4	96.9	97.1	97.6

* Canadian household debt as a share of personal disposable income.

Note: All data are annual averages.

Sources: Statistics Canada and Bank of Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 12

Ontario and the G-7, Real Gross Domestic Product Growth, 1988-2001

	(Per Cent)						
	1988	1989	1990	1991	1992	1993	1994
Ontario	5.4	3.4	-1.7	-3.9	0.9	1.0	5.9
Canada	5.0	2.6	0.2	-2.1	0.9	2.3	4.8
France	4.2	4.3	2.6	1.0	1.5	-1.0	2.0
Germany	3.7	3.6	5.7	5.0	2.2	-1.1	2.3
Italy	3.9	2.9	2.0	1.4	0.8	-0.9	2.2
Japan	6.5	5.3	5.3	3.1	0.9	0.4	1.0
United Kingdom	5.2	2.2	0.8	-1.4	0.2	2.5	4.7
United States	4.2	3.5	1.8	-0.5	3.0	2.7	4.0

Table 12 (continued)

	(Per Cent)						
	1995	1996	1997	1998	1999	2000	2001
Ontario	3.5	1.1	4.5	4.8	7.6	4.6	1.5
Canada	2.8	1.6	4.2	4.1	5.4	4.5	1.5
France	1.7	1.1	1.9	3.5	3.3	4.0	1.8
Germany	1.7	0.8	1.4	2.0	1.8	3.0	0.6
Italy	2.9	1.1	2.0	1.8	1.6	2.9	1.8
Japan	1.6	3.5	1.8	-1.1	0.7	2.4	-0.6
United Kingdom	2.9	2.6	3.4	2.9	2.4	3.1	1.9
United States	2.7	3.6	4.4	4.3	4.1	3.8	0.3

Sources: OECD, U.S. Department of Commerce and Statistics Canada.

Economic Data Tables

Table 13

Ontario and the G-7, Employment Growth, 1988-2001

	(Per Cent)						
	1988	1989	1990	1991	1992	1993	1994
Ontario	3.9	2.2	0.0	-3.4	-1.3	0.5	1.3
Canada	3.2	2.2	0.8	-1.8	-0.7	0.8	2.0
France	0.9	1.5	1.1	0.2	-0.5	-1.3	-0.1
Germany	0.7	2.2	4.9	2.5	-1.3	-1.1	-0.6
Italy	1.1	0.1	1.8	0.9	-0.7	-4.5	-1.6
Japan	1.7	1.9	2.0	1.9	1.1	0.2	0.0
United Kingdom	3.9	3.3	1.0	-1.9	-2.4	-1.1	0.9
United States	2.2	2.1	1.2	-0.9	0.7	1.5	2.3

Table 13 (continued)

(Per Cent)

	1995	1996	1997	1998	1999	2000	2001
Ontario	1.8	1.0	2.6	3.3	3.6	3.2	1.5
Canada	1.9	0.8	2.3	2.7	2.8	2.6	1.1
France	0.8	0.2	0.6	2.0	2.4	2.7	1.8
Germany	0.1	-0.4	-0.4	1.4	1.0	0.5	0.1
Italy	-0.6	0.5	0.4	1.1	1.2	1.9	2.0
Japan	0.1	0.4	1.1	-0.7	-0.8	-0.2	-0.5
United Kingdom	1.1	1.2	1.9	1.2	2.4	1.4	0.8
United States	1.5	1.4	2.2	1.5	1.5	1.3	-0.1

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 14

Ontario and the G-7, Unemployment Rates, 1988-2001

(Per Cent)

	1988	1989	1990	1991	1992	1993	1994
Ontario	5.1	5.1	6.2	9.5	10.7	10.9	9.6
Canada	7.8	7.5	8.1	10.3	11.2	11.4	10.4
France	9.6	9.1	8.6	9.1	10.0	11.3	11.8
Germany	6.2	5.6	4.8	4.2	6.6	7.9	8.4
Italy	9.7	9.7	8.9	8.5	8.7	10.1	11.0
Japan	2.5	2.3	2.1	2.1	2.2	2.5	2.9
United Kingdom	8.5	7.1	6.9	8.6	9.8	10.2	9.4
United States	5.5	5.3	5.6	6.8	7.5	6.9	6.1

Table 14 (continued)

(Per Cent)

	1995	1996	1997	1998	1999	2000	2001
Ontario	8.7	9.0	8.4	7.2	6.3	5.7	6.3
Canada	9.4	9.6	9.1	8.3	7.6	6.8	7.2
France	11.4	11.9	11.8	11.4	10.7	9.3	8.6
Germany	8.2	8.9	9.9	9.3	8.6	7.9	7.9
Italy	11.5	11.5	11.7	11.6	11.2	10.5	9.4
Japan	3.1	3.4	3.4	4.1	4.7	4.7	5.0
United Kingdom	8.5	8.0	6.9	6.1	5.8	5.3	5.0
United States	5.6	5.4	4.9	4.5	4.2	4.0	4.8

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

Economic Data Tables

Table 15

Ontario and the G-7, CPI Inflation Rates, 1988-2001

	(Per Cent)						
	1988	1989	1990	1991	1992	1993	1994
Ontario	4.8	5.7	4.9	4.7	1.0	1.8	0.0
Canada	4.0	5.0	4.8	5.6	1.5	1.8	0.2
France	2.7	3.5	3.6	3.2	2.4	2.1	1.7
Germany	1.3	2.8	2.7	4.0	5.1	4.4	2.8
Italy	5.1	6.3	6.5	6.2	5.3	4.6	4.1
Japan	0.7	2.3	3.1	3.2	1.7	1.3	0.7
United Kingdom	4.9	7.8	9.5	5.9	3.7	1.6	2.5
United States	4.1	4.8	5.4	4.2	3.0	3.0	2.6

Table 15 (continued)

	(Per Cent)						
	1995	1996	1997	1998	1999	2000	2001
Ontario	2.5	1.5	1.9	0.9	1.9	2.9	3.1
Canada	2.2	1.6	1.6	0.9	1.7	2.7	2.6
France	1.8	2.0	1.2	0.8	0.6	1.6	1.7
Germany	1.7	1.4	1.9	0.9	0.6	2.0	2.4
Italy	5.2	4.0	2.0	2.0	1.7	2.5	2.7
Japan	-0.1	0.1	1.7	0.7	-0.3	-0.7	-0.7
United Kingdom	3.4	2.4	3.1	3.4	1.6	2.9	1.8
United States	2.8	3.0	2.3	1.6	2.2	3.4	2.8

Sources: OECD, U.S. Bureau of Labor Statistics and Statistics Canada.

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Table 16

G-7, Exchange Rates, 1988-2001

	(Foreign Currency per Canadian Dollar)						
	1988	1989	1990	1991	1992	1993	1994
Euro*	-	-	-	-	-	-	-
France	4.831	5.376	4.651	4.902	4.367	4.386	4.050
Germany	1.422	1.585	1.381	1.441	1.289	1.280	1.184
Italy	1052.6	1162.8	1020.4	1075.3	1020.4	1219.5	1176.5
Japan	104.1	116.3	123.5	117.2	104.7	85.8	74.7
United Kingdom	0.456	0.515	0.480	0.493	0.469	0.516	0.478
United States	0.812	0.845	0.857	0.873	0.827	0.775	0.732

Table 16 (continued)

(Foreign Currency per Canadian Dollar)

	1995	1996	1997	1998	1999	2000	2001
Euro*	-	-	-	-	0.631	0.730	0.721
France	3.631	3.750	4.211	3.968	4.139	4.787	4.730
Germany	1.043	1.103	1.251	1.183	1.234	1.427	1.410
Italy	1186.2	1131.2	1228.5	1168.2	1222.5	1412.4	1396.6
Japan	68.0	79.7	87.3	87.8	76.3	72.6	78.4
United Kingdom	0.461	0.470	0.441	0.407	0.416	0.444	0.448
United States	0.729	0.733	0.722	0.674	0.673	0.673	0.646

* Introduced January 4, 1999.

Note: All data are annual averages.

Source: Bank of Canada.

Economic Data Tables

Table 17

Ontario, International Merchandise Exports by Major Commodity¹, 2001

	Value (\$ Millions)	Per Cent of Total
Motor Vehicles, Parts and Accessories	76,003	37.7
Machinery and Mechanical Appliances	24,503	12.1
Electrical Machinery and Equipment	10,548	5.2
Plastics and Plastic Articles	7,255	3.6
Pulp; Paper and Allied Products	6,592	3.3
Non-ferrous Metals and Allied Products	6,438	3.2
Furniture and Fixtures, Signs, Prefabricated Buildings	4,938	2.4
Prepared Foodstuffs, Beverages and Tobacco	4,550	2.3
Other Chemical Products	3,546	1.8
Articles of Iron and Steel	3,324	1.6
Mineral Products	3,318	1.6
Aircraft, Spacecraft and Parts	3,252	1.6
Scientific, Professional and Photo Equipment, Clocks	3,039	1.5
Wood and Wood Products	2,947	1.5
Precious Metals, Stones and Coins	2,899	1.4
Iron and Steel	2,305	1.1
Rubber and Rubber Articles	2,112	1.0
Live Animals; Animal Products	1,799	0.9
Articles of Stone, Cement, Ceramic and Glass	1,538	0.8
Vegetable Products; Fats and Oils	1,470	0.7
Organic Chemicals	1,416	0.7
Textiles and Textile Articles	1,380	0.7
Pharmaceutical Products	1,299	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,138	0.6
Printed Matter	963	0.5
Railway, Rolling Stock and Parts	739	0.4
Apparel and Clothing Accessories	701	0.3
Toys, Games and Sports Equipment	573	0.3
Hides, Leather, Travel Goods and Furs	397	0.2
Miscellaneous Articles; Works of Art	295	0.1
Other Textile and Clothing Articles	222	0.1
Ships, Boats and Floating Structures	78	0.0
Headgear, Umbrellas, Artificial Flowers	49	0.0
Footwear	48	0.0
Other Commodities ²	20,052	9.9
Total Exports	201,723	100.0

Notes:

1. Ontario Ministry of Enterprise, Opportunity and Innovation definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
 2. Other Commodities includes re-exports and special transactions.
- Source: Industry Canada.

Table 18

Ontario, International Merchandise Imports by Major Commodity¹, 2001

	Value (\$ Millions)	Per Cent of Total
Motor Vehicles, Parts and Accessories	45,695	21.2
Machinery and Mechanical Appliances	43,073	20.0
Electrical Machinery and Equipment	26,529	12.3
Scientific, Professional and Photo Equipment, Clocks	8,760	4.1
Plastics and Plastic Articles	8,373	3.9
Other Chemical Products	7,681	3.6
Non-ferrous Metals and Allied Products	7,228	3.4
Prepared Foodstuffs, Beverages and Tobacco	5,300	2.5
Pharmaceutical Products	4,553	2.1
Pulp; Paper and Allied Products	4,498	2.1
Articles of Iron and Steel	4,354	2.0
Vegetable Products; Fats and Oils	4,044	1.9
Furniture and Fixtures, Signs, Prefabricated Buildings	3,819	1.8
Rubber and Rubber Articles	3,539	1.6
Organic Chemicals	3,172	1.5
Articles of Stone, Cement, Ceramic and Glass	3,020	1.4
Iron and Steel	3,005	1.4
Textiles and Textile Articles	2,815	1.3
Mineral Products	2,802	1.3
Printed Matter	2,424	1.1
Aircraft, Spacecraft and Parts	2,398	1.1
Apparel and Clothing Accessories	2,346	1.1
Toys, Games and Sports Equipment	1,981	0.9
Live Animals; Animal Products	1,739	0.8
Precious Metals, Stones and Coins	1,665	0.8
Wood and Wood Products	1,321	0.6
Inorganic Chemicals; Chemical Elements and Compounds	1,086	0.5
Footwear	740	0.3
Hides, Leather, Travel Goods and Furs	714	0.3
Miscellaneous Articles; Works of Art	665	0.3
Railway, Rolling Stock and Parts	613	0.3
Other Textile and Clothing Articles	532	0.2
Ships, Boats and Floating Structures	189	0.1
Headgear, Umbrellas, Artificial Flowers	161	0.1
Other Commodities ²	4,533	2.1
Total Imports	215,368	100.0

Notes:

1. Ontario Ministry of Enterprise, Opportunity and Innovation definition of product groupings based on two-digit Harmonized System Codes. Data are customs based.
2. Other Commodities includes trans-shipments from one province to another through a foreign jurisdiction and special transactions.

Source: Industry Canada.

Economic Data Tables

Table 19

Ontario, International Merchandise Trade by Major Region, 2001

	Exports (\$ Millions)	Per Cent of Total	Imports (\$ Millions)	Per Cent of Total
United States	187,872	93.1	156,701	72.8
Western Europe	6,473	3.2	16,825	7.8
European Union	5,516	2.7	15,709	7.3
Other Western Europe	957	0.5	1,116	0.5
Eastern Europe	299	0.1	626	0.3
Asia	3,257	1.6	23,096	10.7
Oceania (Pacific)	462	0.2	649	0.3
Pacific Rim	3,599	1.8	22,914	10.6
Caribbean	342	0.2	171	0.1
Latin America	2,275	1.1	11,956	5.6
Mexico	1,370	0.7	9,717	4.5
Middle East	474	0.2	534	0.2
Africa	270	0.1	322	0.1
Re-imports (Canada)	0	0.0	4,489	2.1
Total	201,723	100.0	215,368	100.0

Note: Data are customs based, and include re-exports.

Source: Industry Canada.

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Table 20

Canada, International Merchandise Trade by Major Region, 2001

	Exports (\$ Millions)	Per Cent of Total	Imports (\$ Millions)	Per Cent of Total
United States	350,734	87.1	218,306	63.6
Western Europe	19,702	4.9	43,377	12.6
European Union	18,312	4.6	38,392	11.2
Other Western Europe	1,390	0.3	4,985	1.5
Eastern Europe	758	0.2	1,546	0.5
Asia	19,594	4.9	46,441	13.5
Oceania (Pacific)	1,313	0.3	2,162	0.6
Pacific Rim	19,980	5.0	46,632	13.6
Caribbean	1,057	0.3	1,075	0.3
Latin America	5,969	1.5	17,774	5.2
Mexico	2,722	0.7	12,118	3.5
Middle East	1,809	0.4	2,865	0.8
Africa	1,526	0.4	2,312	0.7
Re-imports (Canada)	2	0.0	7,136	2.1
Total	402,466	100.0	342,993	100.0

Note: Data are customs based.

Source: Industry Canada.

Economic Data Tables

Table 21

Ontario, Selected Demographic Characteristics, 1981-2016¹

	Estimates ²			Projections ³		
	1981	1991	2001	2006	2011	2016
Total Population (000s)	8,811	10,428	11,895	12,609	13,313	14,008
Annual Average Growth						
Over Preceding Year Shown (%)	1.2	1.7	1.3	1.2	1.1	1.0
Median Age (Years)	30.4	33.3	36.8	38.2	39.4	40.4
Age Group Shares (%)						
0-14	21.6	20.1	19.2	17.9	16.5	16.0
15-24	19.0	14.5	13.2	13.3	13.4	12.6
25-44	29.5	34.2	31.9	30.1	28.5	28.0
45-64	19.9	19.6	23.2	25.8	27.9	28.1
65-74	6.1	7.0	7.0	6.8	7.4	8.8
75+	3.8	4.6	5.6	6.0	6.3	6.5
Total Fertility Rate	1.6	1.6	NA	1.5	1.5	1.5
Life Expectancy (Years)						
Male	72.5	75.0	NA	77.6	78.3	79.1
Female	79.2	81.0	NA	82.3	82.8	83.3
Families (000s) ⁴	2,279	2,727	3,191	NA	NA	NA
Households (000s) ⁴	2,970	3,638	4,219	4,857	5,262	5,667

Notes:

1. Population figures are for July (Census year).
2. Estimates by Statistics Canada based on the 1996 Census adjusted for net Census undercoverage.
3. Projections by Ontario Ministry of Finance released in August 2002 are based on 2001 preliminary estimates by Statistics Canada (1996 Census-based).
4. Family and Household Census data and projections from Statistics Canada. Household projections based on 1996 Census.

Sources: Statistics Canada population estimates and Ontario Ministry of Finance population projections.

2002 Ontario Economic Outlook and Fiscal Review

Table 22

Ontario, Components of Population Growth, 1992-93 to 2001-02¹

(Thousands)

	1992-93	1993-94	1994-95	1995-96	1996-97
Population at Beginning of Period	10,570.5	10,690.4	10,827.5	10,964.9	11,100.9
Births	148.7	147.1	147.2	143.1	136.3
Deaths	74.6	77.3	78.2	77.7	80.4
Immigrants	145.0	119.6	119.8	115.4	119.6
Net Emigrants ³	9.0	9.6	10.3	10.2	25.0
Interprovincial Arrivals	66.4	64.6	66.9	69.1	70.0
Interprovincial Departures	80.6	74.0	69.7	71.9	68.0
Net Change in Non-permanent Residents	-54.4	-12.0	-16.9	-12.2	-3.9
Population Growth During Period	120.0	137.1	137.4	136.0	148.8
Population at End of Period²	10,690.4	10,827.5	10,964.9	11,100.9	11,249.5
Population Growth (%)	1.1	1.3	1.3	1.2	1.3

Table 22 (continued)

(Thousands)

	1997-98	1998-99	1999-00	2000-01	2001-02
Population at Beginning of Period	11,249.5	11,387.4	11,527.9	11,697.6	11,894.9
Births	133.2	130.8	131.1	127.6	127.5
Deaths	80.1	81.3	82.6	85.2	89.0
Immigrants	106.5	91.9	116.7	150.0	152.8
Net Emigrants ³	27.7	29.3	31.0	32.8	34.8
Interprovincial Arrivals	75.2	72.8	78.9	74.5	81.7
Interprovincial Departures	66.0	56.1	56.5	55.9	74.4
Net Change in Non-permanent Residents	-3.2	10.6	13.2	19.1	9.6
Population Growth During Period	139.8	141.2	168.8	197.3	173.4
Population at End of Period²	11,387.4	11,527.9	11,697.6	11,894.9	12,068.3
Population Growth (%)	1.2	1.2	1.5	1.7	1.5

Notes:

1. Data are from July 1 to June 30 (Census year).
2. The sum of the components does not equal the total change in population due to residual errors.
3. Net emigrants = Emigrants minus returning emigrants. From 1996-97, the number of emigrants also includes persons living temporarily abroad.

Source: Statistics Canada.

Economic Data Tables

Table 23

	Ontario, Labour Force, 1988-2001						
	1988	1989	1990	1991	1992	1993	1994
Labour Force (000s)	5,354	5,470	5,533	5,544	5,542	5,581	5,574
Annual Labour Force Growth (%)	2.8	2.2	1.2	0.2	0.0	0.7	-0.1
Participation Rate (%)							
Male	78.6	78.8	78.0	76.4	75.1	74.4	73.5
Female	61.0	61.3	61.4	61.0	60.0	59.5	58.8
Share of Labour Force (%)							
Youth (15-24)	21.4	20.6	19.6	18.6	18.1	17.3	16.8
Older Worker (45+)	25.9	26.0	26.3	26.6	27.4	28.0	28.8

Table 23 (continued)

	1995	1996	1997	1998	1999	2000	2001
Labour Force (000s)	5,620	5,695	5,801	5,914	6,071	6,228	6,364
Annual Labour Force Growth (%)	0.8	1.3	1.9	1.9	2.6	2.6	2.2
Participation Rate (%)							
Male	72.9	72.6	72.8	72.6	73.2	73.4	73.5
Female	58.7	58.9	59.1	59.7	60.4	61.2	61.4
Share of Labour Force (%)							
Youth (15-24)	16.4	16.2	15.9	15.7	16.0	16.1	15.9
Older Worker (45+)	29.1	29.5	30.2	30.6	31.3	32.0	32.5

Source: Statistics Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 24

Ontario, Employment, 1988-2001

	1988	1989	1990	1991	1992	1993	1994
Total Employment (000s)	5,083	5,193	5,191	5,016	4,949	4,974	5,039
Male	2,823	2,875	2,851	2,717	2,661	2,688	2,729
Female	2,260	2,318	2,340	2,299	2,288	2,286	2,311
Annual Employment Growth (%)	3.9	2.2	0.0	-3.4	-1.3	0.5	1.3
Net Job Creation (000s)	190	111	-2	-176	-67	25	65
Private-sector Employment (000s)	4,135	4,225	4,174	3,986	3,899	3,912	3,974
Broader Public-sector							
Employment (000s) ¹	947	969	1,018	1,029	1,050	1,062	1,065
Manufacturing Employment							
(% of total)	20.8	20.1	19.2	18.0	17.3	16.5	16.6
Services Employment							
(% of total)	68.7	68.9	70.0	71.7	72.7	73.8	74.0
Part-time (% of total)	16.7	16.7	17.1	18.3	18.6	19.7	19.0
Average Hours Worked							
Per Week ²	38.2	38.5	38.1	37.3	36.7	37.2	37.6

Table 24 (continued)

	1995	1996	1997	1998	1999	2000	2001
Total Employment (000s)	5,131	5,181	5,313	5,490	5,688	5,872	5,963
Male	2,777	2,798	2,879	2,952	3,058	3,146	3,184
Female	2,353	2,383	2,435	2,538	2,630	2,726	2,779
Annual Employment Growth (%)	1.8	1.0	2.6	3.3	3.6	3.2	1.5
Net Job Creation (000s)	91	50	133	177	198	184	91
Private-sector Employment (000s)	4,078	4,163	4,317	4,466	4,653	4,817	4,915
Broader Public-sector							
Employment (000s) ¹	1,052	1,018	996	1,024	1,035	1,055	1,048
Manufacturing Employment							
(% of total)	17.1	17.4	17.7	18.0	18.4	18.7	18.2
Services Employment							
(% of total)	73.7	73.6	73.4	73.2	72.7	72.7	73.1
Part-time (% of total)	18.8	19.3	19.2	18.6	18.0	17.9	17.8
Average Hours Worked							
Per Week ²	37.2	37.6	37.8	37.8	37.9	38.1	37.5

Notes:

1. Broader Public Sector includes Public Administration, Health Care and Social Assistance, and Educational Services, except for certain private-sector components such as offices of health practitioners and some private-sector educational institutions. Industry groupings are based on the North American Industry Classification System (NAICS).
2. Average actual hours worked per week at all jobs, excluding persons not at work, in reference week.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 25

Ontario, Unemployment, 1988-2001

	1988	1989	1990	1991	1992	1993	1994
Total Unemployment (000s)	271	276	342	528	593	607	535
Unemployment Rate (%)	5.1	5.1	6.2	9.5	10.7	10.9	9.6
Male	4.7	4.8	6.2	10.0	11.9	11.5	10.0
Female	5.6	5.4	6.1	8.9	9.3	10.1	9.1
Toronto CMA ¹	3.8	4.0	5.2	9.5	11.2	11.4	10.4
Northern Ontario	8.0	7.3	8.1	11.4	12.6	12.4	11.6
Youth (15-24)	7.9	7.7	10.0	15.0	17.4	17.5	15.5
Older Workers (45+)	3.6	3.3	4.0	6.8	7.4	7.6	7.0
Unemployment (% of total)							
Long-term (27 weeks+)	12.8	13.2	13.7	22.5	29.7	33.4	32.3
Youth (15-24)	33.2	31.3	31.7	29.3	29.5	27.8	27.1
Older Workers (45+)	18.3	17.0	16.9	19.0	19.0	19.5	21.1
Average Duration (weeks) ²	13.4	13.5	13.7	18.5	23.3	26.9	27.5
Youth (15-24)	8.6	8.4	10.0	13.5	16.6	18.4	17.8
Older Workers (45+)	20.0	19.5	18.9	22.7	29.7	33.7	34.6

Table 25 (continued)

	1995	1996	1997	1998	1999	2000	2001
Total Unemployment (000s)	489	515	488	424	383	356	402
Unemployment Rate (%)	8.7	9.0	8.4	7.2	6.3	5.7	6.3
Male	8.9	9.0	8.2	7.1	6.2	5.5	6.4
Female	8.5	9.0	8.7	7.2	6.4	5.9	6.2
Toronto CMA ¹	8.6	9.1	8.0	7.0	6.1	5.5	6.3
Northern Ontario	9.9	10.7	10.4	11.0	9.0	8.2	7.9
Youth (15-24)	14.6	14.9	16.4	14.4	13.1	11.8	12.5
Older Workers (45+)	6.5	6.4	5.9	5.3	4.2	4.0	4.4
Unemployment (% of total)							
Long-term (27 weeks+)	29.4	28.3	25.5	21.8	19.0	15.4	12.9
Youth (15-24)	27.5	26.6	30.9	31.5	33.3	33.1	31.6
Older Workers (45+)	21.7	20.8	21.3	22.6	20.7	22.4	22.9
Average Duration (weeks) ²	25.8	24.8	26.6	23.2	21.2	17.8	15.4
Youth (15-24)	16.2	15.4	13.7	12.7	11.5	9.8	8.7
Older Workers (45+)	33.4	31.1	42.6	39.2	33.6	28.1	25.8

Notes:

1. CMA is Census Metropolitan Area. Toronto CMA includes the City of Toronto; the Regions of York, Peel and Halton (excluding Burlington); Uxbridge, Pickering, Ajax, Mono, Orangeville, New Tecumseth and Bradford West Gwillimbury.
2. Prior to 1997, unemployment of 100 or more weeks was recorded as 99 due to data processing limitations. This restriction was removed for data after 1996.

Source: Statistics Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 26

Ontario, Employment Insurance (EI) and Social Assistance, 1988-2001

	1988	1989	1990	1991	1992	1993	1994
EI Regular Beneficiaries (000s)	172	167	225	319	322	294	228
EI Maximum Insurable Earnings (\$) ¹	565	605	640	680	710	745	780
EI Maximum Weekly Entitlement (\$)	339	363	384	408	426	425	429
EI Premium Rate							
Employer (\$/\$100 Insurable Earnings)	3.29	2.73	3.15	3.15/3.92 ²	4.20	4.20	4.30
Employee (\$/\$100 Insurable Earnings)	2.35	1.95	2.25	2.25/2.80 ²	3.00	3.00	3.07
EI Total Benefits Paid (\$ millions) ³	2,370	2,470	3,419	5,362	5,845	5,406	4,511
EI Premiums Paid (\$ millions) ³	4,879	4,359	5,432	6,220	7,353	7,567	8,067
Social Assistance Caseload (000s) ⁵	289	307	366	499	608	660	673

Table 26 (continued)

	1995	1996	1997	1998	1999	2000	2001
EI Regular Beneficiaries (000s)	181	180	151	131	110	101	122
EI Maximum Insurable Earnings (\$) ¹	815	750	39,000	39,000	39,000	39,000	39,000
EI Maximum Weekly Entitlement (\$)	448	413	413	413	413	413	413
EI Premium Rate							
Employer (\$/\$100 Insurable Earnings)	4.20	4.13	4.06	3.78	3.57	3.36	3.15
Employee (\$/\$100 Insurable Earnings)	3.00	2.95	2.90	2.70	2.55	2.40	2.25
EI Total Benefits Paid (\$ millions) ³	3,796	3,653	3,436	3,141	3,051	2,787	3,536
EI Premiums Paid (\$ millions) ³	7,929	7,582	8,173	7,679	7,614	7,668	7,511 ⁴
Social Assistance Caseload (000s) ⁵	660	599	568	529	479	436	408

Notes:

1. Effective January 1, 1997, the maximum weekly insurable earnings of \$750 was eliminated and replaced with an annual maximum set at \$39,000.
2. Premium rates for 1991 changed at mid-year.
3. Employment Insurance benefit payments are on a cash basis; premiums are paid on an accrual basis.
4. Premiums paid in 2001 are Ontario Ministry of Finance estimates.
5. The number of social assistance cases from 1998 to 2001 includes recipients of the Ontario Works program, the Ontario Disability Support Program, Temporary Care Assistance and the Assistance for Children with Severe Disabilities program. The *Ontario Works Act* was proclaimed in May 1998 and replaced the *General Welfare Act*. The *Ontario Disability Support Program Act* was proclaimed in June 1998.

Sources: Statistics Canada, Human Resources Development Canada, Ontario Ministry of Finance and Ontario Ministry of Community, Family and Children's Services.

Economic Data Tables

Table 27

Ontario, Labour Compensation, 1988-2001

	1988	1989	1990	1991	1992	1993	1994
Average Weekly Earnings (\$) ¹	NA	NA	NA	576.88	599.56	612.76	628.50
Increase (%)	NA	NA	NA	NA	3.9	2.2	2.6
CPI Inflation (%)	4.8	5.7	4.9	4.7	1.0	1.8	0.0
AWE Increase Less CPI Inflation (%)	NA	NA	NA	NA	2.9	0.4	2.6
AWE - Manufacturing (\$)	NA	NA	NA	683.30	716.55	739.20	761.95
Increase (%)	NA	NA	NA	NA	4.9	3.2	3.1
Increase Less CPI Inflation (%)	NA	NA	NA	NA	3.9	1.4	3.1
Wage Settlement Increases (%) ²							
All Sectors	4.7	5.6	6.5	4.9	2.7	1.0	0.4
Public	4.7	5.8	6.8	5.0	2.6	0.5	0.1
Private	4.6	5.1	6.3	4.6	2.7	1.9	1.1
Person Days Lost Due to Strikes and Lockouts (000s)	1,362	869	2,958	454	578	371	488
Minimum Wage at Year End (\$/hour)	4.75	5.00	5.40	6.00	6.35	6.35	6.70

Table 27 (continued)

	1995	1996	1997	1998	1999	2000	2001
Average Weekly Earnings (\$) ¹	634.47	649.71	663.51	672.14	681.97	697.77	711.04
Increase (%)	0.9	2.4	2.1	1.3	1.5	2.3	1.9
CPI Inflation (%)	2.5	1.5	1.9	0.9	1.9	2.9	3.1
AWE Increase Less CPI Inflation (%)	-1.6	0.9	0.2	0.4	-0.4	-0.6	-1.2
AWE - Manufacturing (\$)	770.80	794.09	821.28	841.39	851.17	869.40	882.75
Increase (%)	1.2	3.0	3.4	2.4	1.2	2.1	1.5
Increase Less CPI Inflation (%)	-1.3	1.5	1.5	1.5	-0.7	-0.8	-1.6
Wage Settlement Increases (%) ²							
All Sectors	1.0	1.1	1.2	1.6	2.1	2.7	2.9
Public	0.2	0.3	0.7	1.3	1.4	2.7	2.9
Private	1.7	2.2	2.3	2.1	3.1	2.4	3.0
Person Days Lost Due to Strikes and Lockouts (000s)	477	1,915	1,904	1,061	651	650	672
Minimum Wage at Year End (\$/hour)	6.85	6.85	6.85	6.85	6.85	6.85	6.85

Notes:

1. Average Weekly Earnings (AWE) includes overtime. In 2001, Statistics Canada changed its estimates of AWE from the 1980 Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS). AWE based on NAICS is available only back to 1991.

2. Wage settlement increases are for collective agreements covering 200 or more employees.

Sources: Statistics Canada, Ontario Ministry of Labour and Ontario Ministry of Finance.

2002 Ontario Economic Outlook and Fiscal Review

Table 28

Ontario, Employment by Occupation, 1990-2001

	(Thousands)					
	1990	1991	1992	1993	1994	1995
Management	484	516	494	523	507	547
Business, Finance and Administrative	1,094	1,038	1,033	993	997	1,009
Natural and Applied Sciences	270	277	264	256	260	284
Health	236	249	243	260	258	256
Social Science, Education, Government						
Service and Religion	315	318	343	340	374	342
Art, Culture, Recreation and Sport	130	122	128	139	150	143
Sales and Service	1,199	1,161	1,174	1,207	1,197	1,223
Trades, Transport and Equipment Operators	799	742	703	701	715	732
Primary Industry	159	151	148	153	148	145
Processing, Manufacturing and Utilities	506	442	419	403	435	450
Total	5,191	5,016	4,949	4,974	5,039	5,131

Table 28 (continued)

	(Thousands)					
	1996	1997	1998	1999	2000	2001
Management	537	548	552	550	566	557
Business, Finance and Administrative	995	993	1,031	1,054	1,079	1,131
Natural and Applied Sciences	285	314	345	389	423	448
Health	250	265	260	272	279	282
Social Science, Education, Government						
Service and Religion	341	345	359	390	401	404
Art, Culture, Recreation and Sport	148	148	155	169	172	180
Sales and Service	1,255	1,264	1,316	1,351	1,408	1,434
Trades, Transport and Equipment Operators	743	779	798	792	806	823
Primary Industry	142	145	139	153	142	131
Processing, Manufacturing and Utilities	485	512	536	569	597	573
Total	5,181	5,313	5,490	5,688	5,872	5,963

Note: Occupational groupings based on Standard Occupational Classification 1991 (SOC91).

Source: Statistics Canada.

Economic Data Tables

Table 29

Ontario, Distribution of Employment by Occupation, 1990-2001

	(Per Cent)					
	1990	1991	1992	1993	1994	1995
Management	9.3	10.3	10.0	10.5	10.1	10.7
Business, Finance and Administrative	21.1	20.7	20.9	20.0	19.8	19.7
Natural and Applied Sciences	5.2	5.5	5.3	5.1	5.1	5.5
Health	4.5	5.0	4.9	5.2	5.1	5.0
Social Science, Education, Government						
Service and Religion	6.1	6.3	6.9	6.8	7.4	6.7
Art, Culture, Recreation and Sport	2.5	2.4	2.6	2.8	3.0	2.8
Sales and Service	23.1	23.1	23.7	24.3	23.8	23.8
Trades, Transport and Equipment Operators	15.4	14.8	14.2	14.1	14.2	14.3
Primary Industry	3.1	3.0	3.0	3.1	2.9	2.8
Processing, Manufacturing and Utilities	9.8	8.8	8.5	8.1	8.6	8.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 29 (continued)

	(Per Cent)					
	1996	1997	1998	1999	2000	2001
Management	10.4	10.3	10.1	9.7	9.6	9.3
Business, Finance and Administrative	19.2	18.7	18.8	18.5	18.4	19.0
Natural and Applied Sciences	5.5	5.9	6.3	6.8	7.2	7.5
Health	4.8	5.0	4.7	4.8	4.7	4.7
Social Science, Education, Government						
Service and Religion	6.6	6.5	6.5	6.9	6.8	6.8
Art, Culture, Recreation and Sport	2.9	2.8	2.8	3.0	2.9	3.0
Sales and Service	24.2	23.8	24.0	23.7	24.0	24.0
Trades, Transport and Equipment Operators	14.3	14.7	14.5	13.9	13.7	13.8
Primary Industry	2.7	2.7	2.5	2.7	2.4	2.2
Processing, Manufacturing and Utilities	9.4	9.6	9.8	10.0	10.2	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Occupational groupings based on Standard Occupational Classification 1991 (SOC91).

Source: Statistics Canada.

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Table 30

Ontario, Employment by Industry, 1992-2001

	(Thousands)				
	1992	1993	1994	1995	1996
Goods Producing Industries	1,352	1,302	1,312	1,348	1,366
Primary Industries	162	159	155	152	151
Agriculture	110	114	112	107	105
Manufacturing	857	822	838	878	904
Construction	269	264	271	269	261
Utilities	64	57	49	49	50
Services Producing Industries	3,597	3,672	3,727	3,782	3,815
Trade	765	778	771	767	783
Transportation and Warehousing	212	221	236	242	244
Finance, Insurance, Real Estate and Leasing	367	367	355	365	372
Professional, Scientific and Technical Services	267	270	282	302	313
Management, Administrative and Other Support	144	152	158	174	181
Educational Services	346	356	364	358	340
Health Care and Social Assistance	484	496	503	510	503
Information, Culture and Recreation	202	209	223	233	232
Accommodation and Food Services	277	281	288	293	315
Public Administration	318	318	314	305	290
Other Services	216	225	234	235	242
Total Employment	4,949	4,974	5,039	5,131	5,181

Economic Data Tables

Table 30 (continued)

Ontario, Employment by Industry, 1992-2001

	(Thousands)				
	1997	1998	1999	2000	2001
Goods Producing Industries	1,412	1,469	1,550	1,602	1,602
Primary Industries	143	144	152	133	122
Agriculture	103	106	114	98	84
Manufacturing	939	989	1,049	1,099	1,088
Construction	282	288	300	324	343
Utilities	48	49	50	46	50
Services Producing Industries	3,902	4,021	4,138	4,271	4,361
Trade	802	813	850	874	924
Transportation and Warehousing	248	261	260	278	276
Finance, Insurance, Real Estate and Leasing	377	376	384	385	395
Professional, Scientific and Technical Services	350	372	397	424	437
Management, Administrative and Other Support	194	210	224	246	249
Educational Services	340	347	368	369	358
Health Care and Social Assistance	495	518	518	544	553
Information, Culture and Recreation	248	243	257	282	299
Accommodation and Food Services	316	335	340	343	342
Public Administration	279	284	286	274	275
Other Services	251	262	254	252	254
Total Employment	5,313	5,490	5,688	5,872	5,963

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 31

Ontario, Growth in Employment by Industry, 1992-2001

	(Per Cent Change)				
	1992	1993	1994	1995	1996
Goods Producing Industries	-4.8	-3.7	0.8	2.7	1.3
Primary Industries	-2.3	-1.5	-2.5	-1.8	-0.9
Agriculture	-1.7	3.3	-2.2	-4.3	-1.5
Manufacturing	-5.3	-4.2	2.0	4.8	2.9
Construction	-5.6	-1.9	2.5	-0.7	-2.6
Utilities	0.3	-11.5	-13.9	0.6	1.6
Services Producing Industries	0.0	2.1	1.5	1.5	0.9
Trade	0.9	1.6	-0.9	-0.6	2.2
Transportation and Warehousing	-5.0	4.5	6.6	2.8	0.6
Finance, Insurance, Real Estate and Leasing	-3.8	0.0	-3.4	2.8	2.2
Professional, Scientific and Technical Services	-0.6	1.1	4.4	7.0	3.8
Management, Administrative and Other Support	0.8	5.7	3.8	9.9	4.0
Educational Services	3.7	3.0	2.2	-1.7	-5.0
Health Care and Social Assistance	0.4	2.5	1.5	1.4	-1.4
Information, Culture and Recreation	-1.3	3.4	6.7	4.6	-0.5
Accommodation and Food Services	2.1	1.3	2.5	1.8	7.4
Public Administration	0.7	0.2	-1.4	-2.8	-4.9
Other Services	0.6	4.1	4.2	0.4	3.1
Total Employment	-1.3	0.5	1.3	1.8	1.0

Economic Data Tables

Table 31 (continued)

Ontario, Growth in Employment by Industry, 1992-2001

	(Per Cent Change)				
	1997	1998	1999	2000	2001
Goods Producing Industries	3.4	4.1	5.5	3.3	0.0
Primary Industries	-5.5	1.1	5.6	-12.7	-8.5
Agriculture	-2.5	3.1	7.9	-14.4	-14.2
Manufacturing	3.9	5.4	6.0	4.8	-1.0
Construction	8.0	1.8	4.4	7.8	6.1
Utilities	-3.2	1.0	1.2	-6.3	7.1
Services Producing Industries	2.3	3.0	2.9	3.2	2.1
Trade	2.4	1.4	4.5	2.8	5.7
Transportation and Warehousing	1.8	5.3	-0.5	7.0	-0.7
Finance, Insurance, Real Estate and Leasing	1.3	-0.5	2.3	0.3	2.4
Professional, Scientific and Technical Services	11.7	6.3	6.5	6.8	3.1
Management, Administrative and Other Support	7.4	8.0	7.0	9.5	1.5
Educational Services	0.0	2.1	6.2	0.2	-3.0
Health Care and Social Assistance	-1.5	4.6	0.0	5.0	1.5
Information, Culture and Recreation	7.0	-2.1	5.7	9.9	6.1
Accommodation and Food Services	0.6	5.8	1.6	0.7	-0.3
Public Administration	-3.7	1.6	0.6	-4.0	0.3
Other Services	3.5	4.6	-3.3	-0.8	0.9
Total Employment	2.6	3.3	3.6	3.2	1.5

Note: Industrial groupings based on North American Industry Classification System (NAICS).

Source: Statistics Canada.

2002 Ontario Economic Outlook and Fiscal Review

Table 32

Ontario, Employment Level by Economic Regions, 1991-2002²

(Thousands)

	1991	1992	1993	1994	1995	1996
Ontario	5,016	4,949	4,974	5,039	5,131	5,181
Region:[*]						
East	689	682	683	701	674	674
Ottawa (510)	513	508	503	521	501	508
Kingston-Pembroke (515)	176	174	180	180	172	166
Greater Toronto Area (530)¹	2,130	2,104	2,118	2,115	2,215	2,242
Central	1,163	1,149	1,139	1,173	1,194	1,209
Muskoka-Kawarthas (520)	136	140	136	137	148	148
Kitchener-Waterloo-Barrie (540)	449	450	458	470	469	478
Hamilton-Niagara Peninsula (550)	578	559	546	567	577	583
Southwest	682	676	689	705	686	699
London (560)	281	275	285	288	285	278
Windsor-Sarnia (570)	263	266	267	274	271	279
Stratford-Bruce Peninsula (580)	138	135	137	143	130	142
North	352	337	344	345	362	357
Northeast (590)	244	233	238	237	248	247
Northwest (595)	108	104	106	108	114	110

Table 32 (continued)

(Thousands)

	1997	1998	1999	2000	2001	2002 ²
Ontario	5,313	5,490	5,688	5,872	5,963	6,049
Region:[*]						
East	685	726	750	757	776	784
Ottawa (510)	516	543	555	573	587	589
Kingston-Pembroke (515)	170	183	195	184	189	195
Greater Toronto Area (530)¹	2,348	2,426	2,511	2,616	2,689	2,731
Central	1,230	1,276	1,322	1,371	1,374	1,396
Muskoka-Kawarthas (520)	150	152	161	165	157	158
Kitchener-Waterloo-Barrie (540)	496	515	543	552	562	581
Hamilton-Niagara Peninsula (550)	584	609	618	654	655	657
Southwest	704	714	744	763	757	767
London (560)	283	286	299	307	304	306
Windsor-Sarnia (570)	277	286	296	304	305	309
Stratford-Bruce Peninsula (580)	145	142	149	152	148	152
North	345	348	361	366	366	370
Northeast (590)	241	244	249	253	256	255
Northwest (595)	105	105	112	113	110	115

* Standard deviations vary significantly across regions, decreasing as the size of the region increases.

Notes:

All figures are average annual employment levels.

1. Economic region of Toronto (530) closely matches the GTA, except that it excludes the City of Burlington.

2. Figures are year-to-date averages of the first 10 months of 2002.

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Table 33

Ontario, Employment Level by Industry for Economic Regions, 2001
(Thousands)

	All Industries	Agriculture	Resources ¹	Manu- facturing
Ontario	5,963	84	38	1,088
Region:				
East	776	12	3	91
Ottawa (510)	587	9	1	66
Kingston-Pembroke (515)	189	3	2	25
Greater Toronto Area (530)	2,689	9	5	488
Central	1,374	29	4	305
Muskoka-Kawarthas (520)	157	5	2	31
Kitchener-Waterloo-Barrie (540)	562	9	1	138
Hamilton-Niagara Peninsula (550)	655	15	1	136
Southwest	757	30	3	162
London (560)	304	9	1	55
Windsor-Sarnia (570)	305	8	2	79
Stratford-Bruce Peninsula (580)	148	13	1	28
North	366	3	23	42
Northeast (590)	256	2	13	27
Northwest (595)	110	1	10	15

Table 33 (continued)

	Construction	Distributive ²	Finance, Prof. & Mgmt. ³	Info., Culture & Recreation ⁴
Ontario	343	549	1,080	299
Region:				
East	39	52	132	38
Ottawa (510)	30	39	105	31
Kingston-Pembroke (515)	9	13	26	7
Greater Toronto Area (530)	147	277	623	161
Central	91	121	194	57
Muskoka-Kawarthas (520)	15	11	19	6
Kitchener-Waterloo-Barrie (540)	39	50	81	22
Hamilton-Niagara Peninsula (550)	37	60	93	28
Southwest	45	67	92	30
London (560)	20	27	45	11
Windsor-Sarnia (570)	15	24	31	16
Stratford-Bruce Peninsula (580)	11	16	16	3
North	21	33	40	13
Northeast (590)	15	23	30	10
Northwest (595)	6	10	10	3

2002 Ontario Economic Outlook and Fiscal Review

Table 33 (continued) Ontario, Employment Level by Industry for Economic Regions, 2001

(Thousands)

	Retail Trade	Personal Services ⁵	Education
Ontario	701	596	358
Region:			
East	91	81	59
Ottawa (510)	60	60	42
Kingston-Pembroke (515)	31	22	17
Greater Toronto Area (530)	308	238	138
Central	162	150	86
Muskoka-Kawarthas (520)	17	18	9
Kitchener-Waterloo-Barrie (540)	65	57	35
Hamilton-Niagara Peninsula (550)	80	75	42
Southwest	87	83	48
London (560)	32	33	23
Windsor-Sarnia (570)	35	32	19
Stratford-Bruce Peninsula (580)	20	17	6
North	52	43	27
Northeast (590)	38	29	19
Northwest (595)	13	14	8

	Health & Soc. Assistance	Public Administration
Ontario	553	275
Region:		
East	81	97
Ottawa (510)	59	85
Kingston-Pembroke (515)	22	13
Greater Toronto Area (530)	209	84
Central	128	49
Muskoka-Kawarthas (520)	18	7
Kitchener-Waterloo-Barrie (540)	46	19
Hamilton-Niagara Peninsula (550)	63	23
Southwest	85	24
London (560)	38	10
Windsor-Sarnia (570)	33	10
Stratford-Bruce Peninsula (580)	14	3
North	50	20
Northeast (590)	35	15
Northwest (595)	15	6

All figures are average annual employment levels.

Sub-regional figures may not add up to regional totals due to rounding.

Employment numbers under 1,500 are suppressed because they are statistically unreliable.

See standard deviation and GTA note for Table 32.

Industrial groupings based on North American Industry Classification System (NAICS).

Notes:

1. Includes Forestry, Fishing, Mining, Oil and Gas.
2. Includes Transportation and Warehousing, Utilities and Wholesale Trade.
3. Includes Finance, Insurance, Real Estate and Leasing; Management of Companies, Administrative and Support Services; and Professional, Scientific and Technical Services.
4. Information, Culture and Recreation includes industries such as Publishing, Motion Picture and Sound Recording, Broadcasting and Telecommunications, Information Services and Data Processing Services, Performing Arts, Spectator Sports and Related Industries, Heritage Institutions and Amusement, Gambling and Recreation.
5. Includes Accommodation and Food Services and Other Services (such as Repair and Maintenance, Personal and Laundry, Religious, Grant-making, Civic, Professional and Similar Organizations).

Sources: Statistics Canada and Ontario Ministry of Finance.

Economic Data Tables

Ontario Economic Regions¹

East

Ottawa (510)	The united counties of Stormont, Dundas and Glengarry, Prescott and Russell, Leeds and Grenville, the county of Lanark and the Ottawa Division
Kingston-Pembroke (515)	The counties of Lennox and Addington, Hastings, Renfrew and Frontenac and the Prince Edward Division

Central

Muskoka-Kawarthas (520)	The counties of Northumberland, Peterborough, Haliburton, the Muskoka District Municipality and the Kawartha Lakes Division
Kitchener-Waterloo-Barrie (540)	The counties of Dufferin, Wellington and Simcoe and the Waterloo Regional Municipality
Hamilton-Niagara Peninsula (550)	The county of Brant, the Regional Municipalities of Niagara, Haldimand-Norfolk, the Hamilton Division and the City of Burlington in Halton Regional Municipality

Greater Toronto Area²

Toronto (530)	Toronto Division, the Regional Municipalities of Durham, York, Peel and Halton (excluding the City of Burlington)
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Southwest

London (560)	The counties of Oxford, Elgin and Middlesex
Windsor-Sarnia (570)	The counties of Lambton and Essex and the Chatham-Kent Division
Stratford-Bruce Peninsula (580)	The counties of Perth, Huron, Bruce and Grey

North

Northeast (590)	The districts of Nipissing, Parry Sound, Manitoulin, Sudbury, Timiskaming, Cochrane, Algoma and the Greater Sudbury Division
Northwest (595)	The districts of Thunder Bay, Rainy River and Kenora

Notes:

1. As defined by Statistics Canada, *Standard Geographical Classification SGC 2001*.
2. Economic Region 530 closely matches the GTA, except that it excludes the City of Burlington.

General inquiries regarding the
2002 Ontario Economic Outlook and Fiscal Review
should be directed to:

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Toronto, Ontario M7A 1Z1
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Ontario Economic Outlook and Fiscal Review



*Growth, Prosperity and
Continued Opportunity*

*The Honourable Janet Ecker
Minister of Finance*



Ontario

2002

Ontario Economic Outlook and Fiscal Review



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*The Honourable Janet Ecker
Minister of Finance*

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ISSN 1499-5557

Ce document est disponible en français sous le titre :
Perspectives économiques et revue financière de l'Ontario de 2002 : Allocution prononcée devant l'Assemblée législative

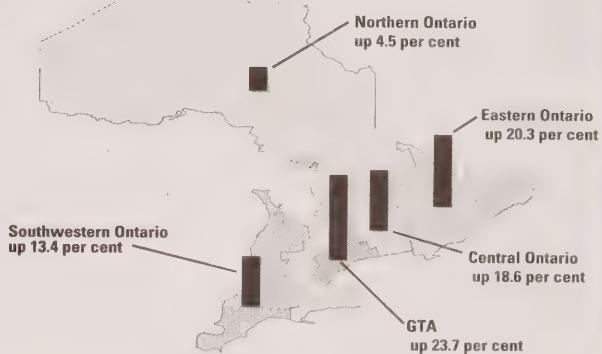
Introduction

Mr. Speaker, I am pleased to provide the Legislature and the people of Ontario with a report on Ontario's finances and the state of our provincial economy.

Mr. Speaker, the Ontario economy is performing better than expected at the time of the June Budget:

- Our economic growth and job creation are leading the average of G-7 countries and the United States.
- The government's plan for a balanced budget this year—our fourth consecutive balanced budget—is on track.
- We are making the needed investments we promised in health care, education and the environment.

Regional Job Growth Since September 1995



Regional figures are seasonally adjusted, three-month moving averages.
Sources: Statistics Canada and Ontario Ministry of Finance.

And here's the best news of all. Since our government's first Throne Speech in 1995, the Ontario economy has created one million net new jobs. That represents more than 46 per cent of all the jobs created in Canada over the past seven years.

Meeting the challenge

Our government is keeping its promise to restore opportunity and prosperity to Ontario.

But it hasn't been easy. My June Budget noted that we were emerging from an economic slowdown that had negatively impacted on our revenues.

This year I'm pleased to report that the performance of our economy is exceeding expectations. Despite ongoing challenges in the global economy, private-sector forecasters now anticipate real economic growth of 3.5 per cent this year, up from a consensus forecast of 3.2 per cent in June.

This strong performance in the face of adversity did not happen by accident.

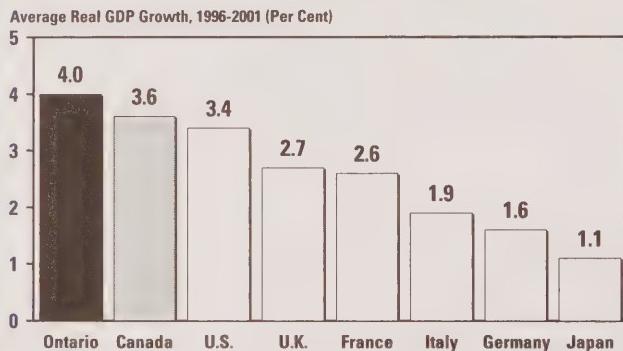
In the first half of the 1990s, Ontario had one of the weakest economies in the industrialized world. High taxation, over-regulation, huge deficits and spiralling debt came with a terrible price.

When recession hit in the early 1990s, we fared much worse than our trading partners. Companies closed their Ontario plants first. Investment and jobs went elsewhere. By 1995, the welfare system was in crisis, with 1.3 million Ontarians forced to resort to social assistance.

Mr. Speaker, our government addressed these challenges directly. We chose prosperity. Since 1995, the people of Ontario and governments led first by Mike Harris and now by Ernie Eves have worked together to put this province back on track.

By cutting taxes, balancing the budget and restoring prudent fiscal management, we have positioned Ontario for growth and jobs. Ontario has truly gone from worst to first in its economic performance.

Economic Growth: Ontario and the G-7



Sources: Statistics Canada, Organisation for Economic Co-operation and Development and Ontario Ministry of Finance.

strong growth in real GDP of 4.4 per cent at an annual rate, following exceptionally strong growth in the first quarter.

Paying down debt

Mr. Speaker, we are reducing the mortgage on our children's future represented by the Provincial debt. With a surplus of \$375 million for 2001-02, Ontario achieved three consecutive surpluses for the first time in nearly 100 years. Since we turned the corner on deficits in 1999, our government has paid down \$4.5 billion of net Provincial debt.

We continue to manage our spending carefully. Since 1995-96, real program spending per person, excluding health care and education, is down by close to 30 per cent. As a result of getting Ontario's fiscal house in order, our credit rating has been upgraded three times in the past two years. And we have regained the ability to invest in those priorities that mean the most to our economic prosperity and to our quality of life.

Between 1985 and 1995, Ontario's real per-capita Gross Domestic Product (GDP) grew by only six per cent, less than one-third of the G-7 average, and only half the average of the other provinces. By contrast, since 1996, per-capita GDP has risen almost 17 per cent, well above the average of the G-7 countries and the United States.

The recently released Second Quarter Economic Accounts show continued

Tax cuts let hard-working Ontarians keep more of their pay

A growing economy and tax cuts have raised the average after-tax and after-inflation income of two-parent families with children from \$57,672 in 1995 to \$68,707 in 2000, a 19 per cent increase.

In the same period, single-parent families have seen a 33 per cent increase, from \$26,568 to \$35,272.

And more than 613,000 people have left welfare since our government took office in 1995.

Looking ahead

Mr. Speaker, despite the strong gains we have made in growth and jobs so far this year, many uncertainties remain in the global economy as we move towards 2003. Ontario is not immune to external influences. Private-sector economists have lowered their forecasts for real growth next year from an average of 4.3 per cent last June to 3.5 per cent today.

This more cautious outlook reflects the fallout from the economic events of the past year, coupled with many uncertainties on the horizon:

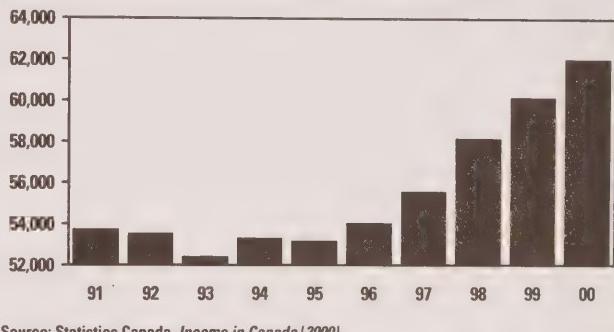
- World stock markets remain weak.
- Tension is high in the Middle East, and oil prices continue to be volatile.
- And prospects for the U.S. economy remain unclear.

At the same time, demands continue to grow for additional commitments to priority programs.

That is why we must remain committed to our prudent fiscal and economic plan. This government's strong record of lower taxes, smaller government and balanced budgets has encouraged business and consumer confidence in the past year. It has helped keep the economy on a path of strong growth.

Average Family Incomes in Ontario Continue to Rise

Real Average After-tax Family Income in Constant 2000 Dollars, Ontario



Source: Statistics Canada, *Income in Canada* (2000).

Tax cuts drive competitiveness and productivity

Mr. Speaker, lower taxes are central to our plan to increase the competitiveness and productivity of our economy.

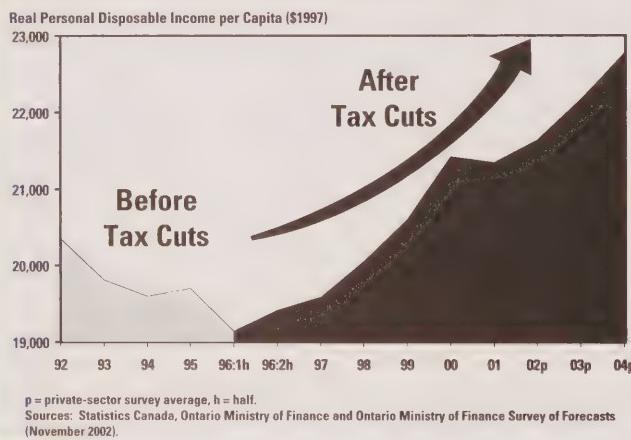
We cut Ontario's personal income tax rate by 30 per cent between 1996 and 1998 and, subject to approval by the House, an additional 20 per cent personal tax reduction will be fully in place in 2004. This year alone, a typical two-earner family of four with \$60,000 in net income pays \$2,005 less in Ontario income tax.

Ontario's small business income tax rate was 9.5 per cent in 1995, one of the highest in the country. We are bringing the rate down to 5.5 per cent on January 1 and by 2005, it will be further reduced to 4 per cent.

We have lowered the general corporate income tax rate from 15.5 per cent in

1995 to 12.5 per cent today. The general rate would drop to 11 per cent in 2004 and reach 8 per cent in 2006.

Tax Cuts Boost Real Take-Home Pay



Consumers are benefiting from other tax cuts. For example, the retail sales tax on auto insurance premiums has been cut from 5 per cent to 2 per cent. It will be reduced to 1 per cent next April and will be entirely eliminated in April 2004.

When you put it all together, individual Ontario taxpayers and businesses are today receiving a total of \$14 billion a year in tax relief. Sustained and long-term tax cuts are the engine that helped the economy create one million net new jobs since 1995.

We will complete our current multi-year plan to make tax rates more competitive. We will outline additional steps in next year's Budget. I look forward to the upcoming pre-Budget consultations for advice on a new multi-year plan to ensure that Ontario's tax structure continues to drive increased economic growth and prosperity.

The highest quality health care

Mr. Speaker, ensuring that Ontarians receive the best health care in the world remains one of this government's highest priorities. This year alone, we are

increasing our commitment to health care operating spending by almost \$2 billion. Since 1995, our commitment has increased by \$8 billion.

These investments are paying off. Ontarians now have access to increased diagnostic services such as MRIs, improved cancer care, cardiac care and dialysis services, and more nurse practitioners. And 20,000 new long-term care beds are coming on-stream.

Mr. Speaker, no province can indefinitely continue these kinds of increases to health care without additional support from the federal government. The recently released Romanow Report recognizes this. But the solution it proposes falls far short of what is required.

Over the years, the federal government has cut its share of health care spending from 50 per cent to 14 per cent. If Mr. Romanow's recommendations were implemented, next year's federal contribution would represent only 16 per cent of provincial health and social spending. In three years it would be 17 per cent. His proposed \$15 billion in additional federal funding over the next three years is almost \$5 billion less than the minimum need identified by the provinces.

The financing of health care is a long-term and growing challenge, particularly for provinces. The Conference Board of Canada recently forecast that health care spending will grow at an average rate of 5.2 per cent over the next 20 years, a rate far in excess of projected average provincial revenue growth of 3.4 per cent. In addition, federal surpluses are forecast to grow rapidly, while provinces continue to face huge challenges in balancing their budgets in the foreseeable future.

Ontario will continue to balance its budget and respond to our citizens' health care needs. Ottawa must pay its fair share. It should not be making matters worse by attempting to claw back \$1.3 billion from the Province to cover mistakes the federal government made in calculating its personal income tax payments to Ontario from 1997 to 1999.

Education—the key to our future

Mr. Speaker, excellence in education is the key to opportunity for our young people. That is why we have put in place new and more challenging curricula with higher standards, and comprehensive testing to tell us how well students are learning.

It is important that we support our students with a funding formula that remains fair and equitable. To ensure that student-focused funding is meeting this goal,

last spring we appointed Dr. Mordechai Rozanski, President of the University of Guelph, to review the formula. His report will be released shortly. We are committed to addressing Dr. Rozanski's recommendations within the government's fiscal plan.

Investing in priorities

Mr. Speaker, as we committed in the June Budget, we are continuing with our plan to invest in other priority areas that support our prosperity and quality of life, including:

- A clean and safe environment;
- Innovation for a more competitive economy;
- Healthy and growing communities; and
- Infrastructure investments in transportation, schools, hospitals, colleges and universities.

Conclusion

Mr. Speaker, Ontario's economy is sound.

The fundamentals our government has put in place—lower and more competitive taxes, balanced budgets and reduced debt and key investments—set the stage for

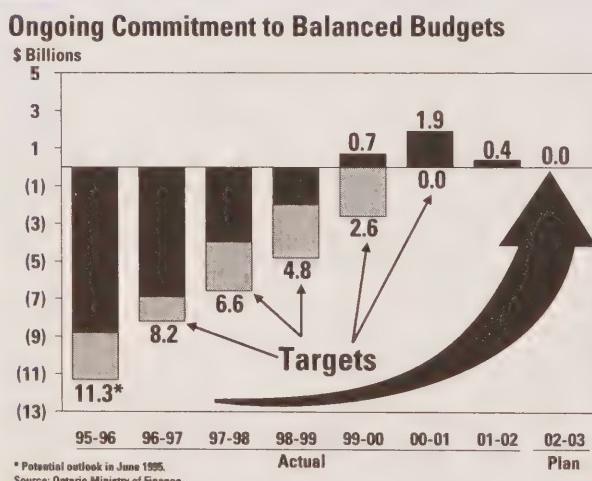
Ontario's turnaround. They have produced a period of outstanding job growth and economic prosperity that is unparalleled in our history. And our approach is helping this province withstand the challenges of a difficult world economy.

But we all know more needs to be done. We want more opportunities for our citizens. We want the Ontario economy to create even more jobs.

With the pre-Budget consultations about to begin, I look forward to hearing advice from members of this House, as well as the comments and suggestions of Ontarians from all walks of life.

ing advice from members of this House, as well as the comments and suggestions of Ontarians from all walks of life.

Thank you, Mr. Speaker.



Investir dans les priorités

Monseigneur le Président, conformément à l'engagement que nous avons pris dans le budget de juin, nous continuons d'investir dans d'autres secteurs prioritaires pour assurer notre prospérité et notre qualité de vie, notamment :

Conclusion

- Infrastructure dans les domaines des transports, des écoles, des hôpitaux, des collèges

- I^e innovation, afin de rendre l'économie plus compétitive;
 - un environnement sûr et sain;
 - des collectivités saines et en croissance;
 - I^e infrastructure dans les domaines des transports, des écolles

Perspectives économiques et revue financière de l'Ontario de 2002

Les mesures fondamentales que nous avons prises — diminution et compétitivité accrue des importations, adoption de budgets équilibrés, investissements dans les secteurs clés et

investissements dans les secteurs clés et la réduction de la dette — ont ouvert la voie à un redressement économique en Ontario. Elles ont donné lieu à une ère de croissance de l'emploi et de prospérité économique sans précédent dans notre histoire. Notre démarche aide la province à relever les défis que pose une économie mondiale en difficulté.

Toutefois, nous savons tous qu'il faut faire plus. Nous voulons augmenter les possibilités qui s'offrent aux citoyennes et citoyens de la province. Nous voulons que l'économie ontarienne crée encore plus d'emplois.

Lors des consultations prébudgetaires, qui débuteront sous peu, je serai heureuse de prendre connaissance des conseils des députés de l'Assemblée, ainsi que des commentaires et suggestions d'organisations de la société civile.

Engagement d'équilibrer les budgets

(en milliards de dollars)

Année	Budget	Objectifs
1995-1996	1,9	0,0
1996-1997	0,7	0,4
1997-1998	2,0	2,6
1998-1999	4,0	4,8
1999-2000	6,9	6,6
2000-2001	8,2	8,8
2001-2002	11,3*	11,3*

Objectifs

Source : ministère des Finances du Québec.

Il est important que nous soutenions nos élèves grâce à une formule de financement juste et équitable. Pour veiller à ce que la formule de financement axe sur les besoins des élèves atteigne cet objectif, nous avons demandé au printemps dernier à M. Mordechai Rozanski, le président de l'Université de Guelph, de l'examiner. Son rapport sera publié sous peu. Nous sommes déterminés à donner suite aux recommandations de M. Rozanski dans la mesure où le plan financier du gouvernement pourra être respecté.

Monsieur le Président, l'excellence du système d'éducation donnera à nos jeunes de meilleures perspectives d'emploi. C'est pourquoi nous avons adopté un nouveau programme curriculaire plus stimulant, assortis de normes plus élevées, et mis en place un programme exhaustif de tests qui nous permet de déterminer la qualité de l'apprentissage de nos élèves.

L'éducation, la clé de notre avenir

Le financement des soins de santé à long terme, qui prend de plus en plus d'importance, en particulier pour les provinces. Le Conference Board du Canada a recommandé de faire de la province dans le domaine des soins de santé. Le gouvernement fédéral doit payer sa juste part de ces programmes essentiels au lieu de tenir de récupérer 1,3 milliard de dollars de la province pour réparer les erreurs qu'il a commises lors du calcul des paiements d'impôt sur le revenu des particuliers versés à l'Ontario entre 1997 et 1999.

Le financement des soins de santé représente un défi à long terme, qui prend de plus en plus d'importance, en particulier pour les provinces. Le Conference Board du Canada a recommandé de faire de la province dans le domaine des soins de santé. Le taux est nettement supérieur au pourcentage d'augmentation prévue des recettes des gouvernements provinciaux, qui devrait être de 3,4 pour 100 en moyenne. De plus, les excédents du gouvernement fédéral devraient s'accroître rapidement, alors que les provinces continueront d'avoir beaucoup de difficulté à équilibrer leur budget dans un avenir prévisible.

Au fil des ans, la part des dépenses en santé assumée par le gouvernement fédéral est passée de 50 à 14 pour 100. Si les recommandations de M. Romano étaient mises en oeuvre, la contribution fédérale ne représenterait que 16 pour 100 des dépenses provinciales dans les secteurs sociaux et de la santé. L'an prochain et 17 pour 100 dans trois ans. L'augmentation de 15 milliards de dollars des fonds fédéraux qu'il recommande au cours des trois prochaines années est de presque 5 milliards de moins que le minimum requis par les provinces.

Monsieur le Président, aucune province ne peut continuer d'accroître indéfiniment ses dépenses en santé sans un soutien accru du gouvernement fédéral. Le rapport de la Commission Romano, publié récemment, reconnaît ce fait, mais la solution qu'il propose est loin d'être suffisante.

Ces investissements portent leurs fruits. La population de la province a maintenu accès à des services accrus de diagnostic, comme des services d'imagerie par resonance magnétique, à de meilleurs soins oncologiques et cardiaques, et à des services de dialyse améliorés. De plus, le nombre d'infirmières et infirmiers praticiens a augmenté. Finalement, 20 000 nouveaux lits de soins de longue durée seront bientôt ouverts.

Monsieur le Président, assurer aux Ontariennes et aux Ontariens les meilleures soins de santé au monde constitue l'une des priorités de notre gouvernement. Cette année seulement, nous nous engageons à augmenter de près de 2 milliards de dollars les crédits affectés aux dépenses de fonctionnement du secteur de la santé. Depuis 1995, les fonds que nous avons investis ont augmenté de 8 milliards de dollars.

Des soins de santé d'une qualité exceptionnelle

Nous terminerons notre plan pluriannuel visant à rendre les taux d'imposition plus concurrenables. Nous annoncerons les autres mesures que nous prendrons à cet égard dans le budget de l'an prochain. Je serai heureuse de participer aux consultations prébudgetaires, qui débutent sous peu, afin de prendre connaissance des conseils des contribuables qui nous ont fait confiance. Nous continuera de stimuler la croissance économique.

Toutes les réductions d'impôt consenties aux entreprises et aux contribuables ontariens jusqu'à maintenant représentent 14 milliards de dollars par année. Les réductions d'impôt continues et à long terme sont le moteur qui a aidé l'économie à créer plus de un million d'emplois nets depuis 1995.

Les consommateurs bénéficient d'autres réductions d'impôt. Par exemple, la taxe de vente au détail sur les primes d'assurance-automobile est passée de 5 à 2 pour 100. Elle passe à 1 pour 100 en avril prochain et sera éliminée en avril 2004.

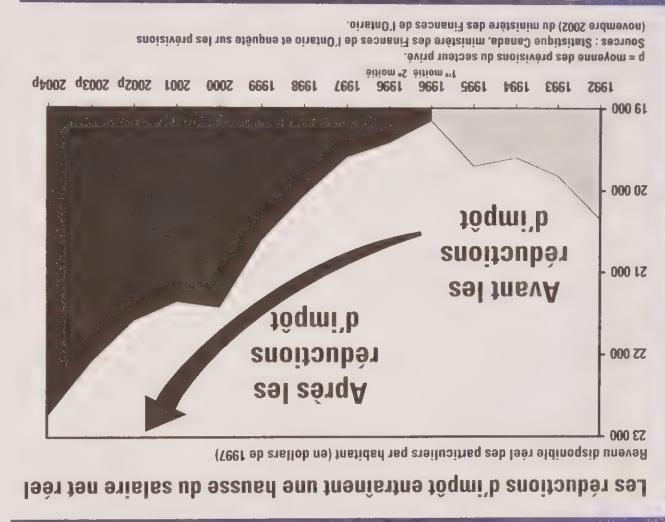
En outre, nous avons réduit le taux général d'imposition des sociétés, qui est passé de 2006, 11 pour 100 en 2004 et à 8 pour 100 en 2005.

Le taux ontarien d'imposition des petites entreprises était de 9,5 pour 100 en 1995, un des taux les plus élevés au pays. Nous ramenerons ce taux à 5,5 pour 100 le 1^{er} janvier et à 4 pour 100 dès 2005.

Nous avons réduit de 30 pour 100 le taux ontarien d'imposition du revenu des particuliers entre 1996 et 1998. Sous réserve de l'approbation de l'Assemblée législative, une réduction supplémentaire de 20 pour 100 de l'impôt sur le revenu des particuliers sera extrêmement difficile en 2004. Une famille typique de quatre personnes dont les deux parents misent en œuvre en 2004. Une famille typique de quatre personnes dont les deux parents travaillent et gagnent un revenu net de 60 000 \$ paie 2 005 \$ de moins cette année en impôt ontarien sur le revenu.

Monsieur le Président, la réduction des impôts est au cœur de notre économie. La compétitivité et la productivité de notre économie.

Les réductions d'impôt stimulent la compétitivité et la productivité



C'est pour ces raisons que nous devons continuer de suivre nos politiques économiques budgétaires qui soutiennent la croissance vigoureuse de notre économie. La dernière année contribue à la croissance vigoureuse de notre économie.

Parallèlement, la demande continue de s'accroître pour que l'on prenne des engagements supplémentaires à l'égard des programmes prioritaires.

- les perspectives de croissance de l'économie américaine sont incertaines;
- la situation est tendue au Moyen-Orient et les prix du pétrole demeurent instables;
- les marchés boursiers mondiaux sont peu actifs;

La prudence doit faire preuve les économistes s'explique par les retombées sur le plan économique d'événements survenus au cours de la dernière année et par diverses incertitudes :

La prudence font partie des prévisions des économistes sur le plan économique pour 2003. L'Ontario n'est pas à l'abri des influences extrêmes. Les économistes du secteur privé ont revu à la baisse leurs prévisions du taux de croissance démeurant inchangé pour 2003. Les économistes du secteur public, qui était en moyenne de 4,3 pour 100 en juin réelle pour l'an prochain. Le taux prévu, qui était en moyenne de 3,5 pour 100.

demeure, est maintenant de 3,5 pour 100.

Ensuite, toutefois, un grand nombre de

facteurs de l'économie mondiale

emplois. Toutefois, une croissance étendue de la croissance au

champ de la croissance au

des programmes considérables cette année au

Monsieur le Président, nous avons réalisé

Perspectives d'avenir

Enfin, depuis que notre gouvernement est

arrivé au pouvoir en 1995, plus de

613 000 personnes ont quitté les rangs des

actifs sociaux.

Ensuite, depuis que notre gouvernement est

arrivé au pouvoir en 1995, plus de

33 000 personnes ont quitté les rangs des

actifs sociaux.

Au cours de cette période, le revenu des

familles monoparentales est passé de

26 568 \$ à 35 272 \$, une hausse de

33 pour 100.

Ensuite, depuis que notre gouvernement est

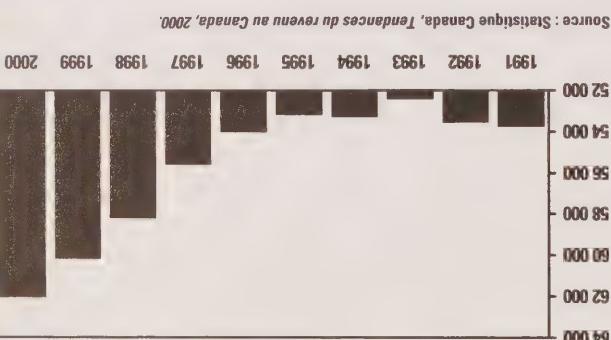
arrivé au pouvoir en 1995, une hausse de

en 2000, une augmentation de 19 pour 100.

Grâce à la croissance de l'économie et aux réductions d'impôt, le revenu moyen après

impôt et après inflation des familles biparentales est passé de 57 672 \$ en 1995 à 68 707 \$

en 2000, une augmentation de 19 pour 100.



Le revenu moyen des familles continue d'augmenter en Ontario

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Par ailleurs, nous continuons de gérer nos dépenses prudentement. Depuis 1995-1996, les dépenses réelles par habitant affichent des programmes, en excluant celles engagées dans les soins de santé et l'éducation, ont diminué de près de 30 pour 100. Comme nous avons mis de l'ordre dans les finances de la province, notre cote de solvabilité a été hausse à trois reprises au cours des deux dernières années. De plus, nous sommes de nouveau en mesure d'investir dans les priorités qui ont la plus grande influence sur notre prospérité et sur notre qualité de vie.

Monseigneur le Président, nous remboursons la dette provinciale afin de réduire l'hypothèque que nos enfants devront prendre en charge. Le gouvernement provincial a engagé un excédent de 375 millions de dollars en 2001-2002, soit le troisième excédent consécutif. Celui-ci n'est pas vu en près de 100 ans. Depuis qu'il a mis fin aux déficits en 1999, notre gouvernement a réduit de 4,5 milliards de dollars la dette provinciale nette.

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Remboursement de la dette

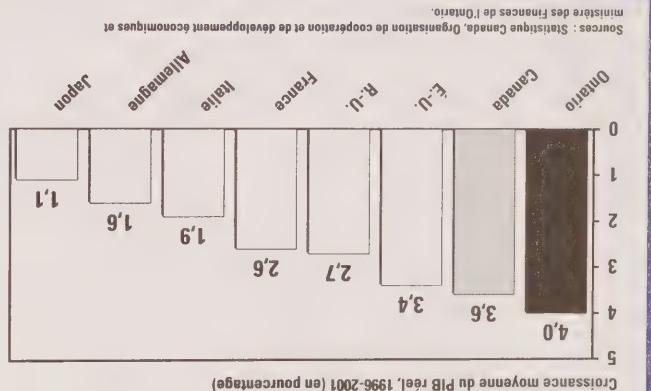
Comme l'indiquent les Comptes économiques de l'Ontario du deuxième trimestre, publiés récemment, le PIB réel continue d'afficher un taux de croissance importante, soit un taux annuel de 4,4 pour 100, après avoir engendré un taux exceptionnellement élevé au cours du premier trimestre.

Entre 1985 et 1995, le produit intérieur brut (PIB) réel par habitant s'est accru de 6 pour 100 seulement en Ontario, soit moins du tiers du taux moyen affiché par les pays du G-7 et la moitié seulement du taux moyen enregistré dans les autres provinces. Par contre, le PIB par habitant 1996, ce qui est nettement supérieur à la moyenne provinciale, a augmenté de près de 17 pour 100 depuis 1995, ce qui est nettement supérieur à la moyenne des États-Unis.

En réduisant les impôts, en équilibrant le budget et en adoptant de telles pratiques de gestion financière, nous avons jeté les assises de la croissance d'emplois et de la création d'entreprises. Nous avons opté pour la prospérité. Depuis 1995, la population de l'Ontario est le deuxième effort en vue de remettre la province sur la bonne voie.

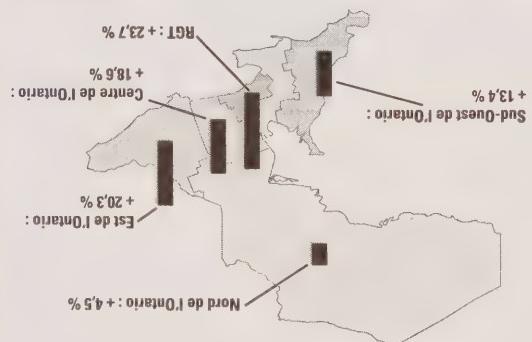
Monseigneur le Président, notre gouvernement a relevé ces défis de front. Nous avons opté pour la prospérité. Depuis 1995, la population de l'Ontario est le deuxième effort en vue de remettre la province sur la bonne voie.

L'Ontario a été bien placé pour la récession du début des années 1990 que ne l'ont été nos partenaires commerciaux. Les entreprises ont fermé en premier les usines du Québec et d'Ontario et d'Ontario n'a vécu d'autre choix que d'y recourir.



Introduction

Croissance de l'emploi dans les régions depuis septembre 1995



L'économie de l'Ontario affiche de meilleurs résultats que ce à quoi on s'attendait lors du dépôt du budget en juin.

Monsieur le Président, je suis heureuse de présenter à l'Assemblée législative et à la population de l'Ontario un compte rendu des finances et de la situation économique de la province.

Notre gouvernement a tenu la promesse qu'il a faite de créer davantage de débouchés en Ontario et de ramener la province sur la voie de la prospérité.

Mais cela n'a pas été facile. Dans le budget que j'ai déposé en juin, je déclarais que nous sortions d'une période de relentissement économique qui avait eu une incidence négative sur nos recettes.

Je suis heureuse d'annoncer que l'économie de l'Ontario affiche maintenant un rendement supérieur à nos prévisions. Malgré les défis constants que l'on doit relever au sein de l'économie mondiale, les consommateurs du secteur privé prévoient à l'heure actuelle que le taux de croissance réelle de l'économie sera de 3,5 pour 100 cette année. Le taux de croissance établi par consensus s'establit à 3,2 pour 100 en juin.

Au cours de la première moitié des années 1990, le rendement économique de l'Ontario était l'un des plus faibles parmi les pays industrialisés. Des importations élevées, une réglementation excessive, des déficits énormes et une dette qui montait en flèche ont eu de lourdes conséquences.

Les excellents résultats affichés au cours de cette période d'adversité ne sont pas le fruit du hasard.

Relancer le défi

Depuis le premier Discours du Trône, nous avons promis, nous investissons dans la suivante. Mais la meilleure nouvelle est la suivante. L'économie ontarienne a créé un million d'emplois nets, soit plus de 46 pour 100 de tous les emplois créés au Canada au cours des sept dernières années.

- Le gouvernement prévoit tousjours de déposer un budget équilibré cette année. Il s'agit là d'un budget équilibré équitable et consécutif.
- Comme nous l'avons promis, nous effectuons les investissements nécessaires dans la santé, l'éducation et l'environnement.

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2002 Ontario Economic Outlook and Fiscal Review: Statement to the Legislature
This document is available in English under the title:

ISSN 1499-5557

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